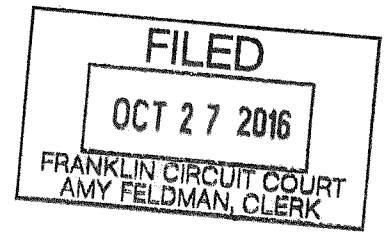


COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION II
CIVIL ACTION NO. 16-CI- 1160



**JEFF GAITHER, DEPUTY LIQUIDATOR OF
KENTUCKY HEALTH COOPERATIVE, INC.**

PLAINTIFF

v.

COMPLAINT

BEAM PARTNERS, LLC

DEFENDANTS

SERVE: Terry S. Shilling
2451 Cumberland Parkway,
Suite 3170
Atlanta, GA 30339
Via Secretary of State Pursuant to KRS 454.210

TERRY S. SHILLING

SERVE: Terry S. Shilling
2451 Cumberland Parkway,
Suite 3170
Atlanta, GA 30339
Via Secretary of State Pursuant to KRS 454.210

JANIE MILLER, individually and in her representative capacity
as Chief Executive Officer, Kentucky Health Cooperative, Inc.

SERVE: Janie Miller
2870 Cropper Road
Shelbyville, KY 40065
Via Certified Mail

**OFFICERS AND BOARD OF DIRECTORS OF THE
KENTUCKY HEALTH COOPERATIVE, INC.**

SERVE: Joseph E. Smith
401 W. Campbell Street
Frankfort, KY 40601
Via Certified Mail

JOSEPH E. SMITH, individually and in his representative capacity as Chairman of the Board of Directors, Kentucky Health Cooperative, Inc.

SERVE: Joseph E. Smith
401 W. Campbell Street
Frankfort, KY 40601
Via Certified Mail

and

CGI TECHNOLOGIES AND SOLUTIONS, INC.

SERVE: Corporation Service Company
421 West Main Street
Frankfort, KY 40601
Via Certified Mail

*** **

Plaintiff, Jeff Gaither, Deputy Liquidator of Kentucky Health Cooperative, Inc. ("KYHC"), by counsel, for his Complaint against Defendants Beam Partners, LLC, Terry S. Shilling, Janie Miller, individually and in her representative capacity as Chief Executive Officer of Kentucky Health Cooperative, Inc., the Officers and Board of Directors of Kentucky Health Cooperative, Inc., Joseph E. Smith, individually and in his representative capacity as Chairman of the Board of Directors of Kentucky Health Cooperative, Inc., and CGI Technologies and Solutions, Inc. ("CGI"), states as follows:

I. JURISDICTION AND VENUE

1. This Court has exclusive jurisdiction over this matter pursuant to KRS 304.33-040(3). The Court further has jurisdiction over this matter because the amount in controversy exceeds the minimum threshold for jurisdiction to be invoked pursuant to KRS 23A.010.

2. This Court has jurisdiction over Defendants because all Defendants are either located in Kentucky or have transacted business or contracted to supply and/or purchase services

and/or goods in this Commonwealth, have caused injury in the Commonwealth, all in connection with the claims underlying the causes of action herein, and, pursuant to KRS 304.33-040(5), because they are obligated to or holding assets of KYHC or have been an officer, manager, trustee, organizer, promoter, or person in a position of comparable authority or influence in an insurer against which a rehabilitation or liquidation order is in effect when the action is commenced.

3. Venue of this action is properly in the Franklin Circuit Court pursuant to KRS Chapter 304, Subtitle 33.

II. PARTIES

4. Plaintiff is the Deputy Liquidator of KYHC. Plaintiff has the power to take action as he deems necessary to liquidate the insurer. Plaintiff may pursue all legal remedies on behalf of KYHC, where tortious conduct or breach of any contractual or fiduciary obligation detrimental to KYHC by any officer, manager, agent, employee, or other person has been discovered.

5. KYHC was created in 2011 to provide health insurance coverage to citizens of the Commonwealth of Kentucky as authorized under Kentucky law.

6. Until it was placed into rehabilitation on October 29, 2015, KYHC was controlled by its Board of Directors and its Officers.

7. At the time it was placed into rehabilitation, KYHC was a non-profit Kentucky corporation with its principal office in Louisville, Kentucky.

8. Defendant Beam Partners, LLC ("Beam Partners") is a limited liability company formed under the laws of the state of Georgia with a principal place of business in Atlanta,

Georgia. Service may be made on Beam Partners by the Secretary of State pursuant to KRS 454.210.

9. Defendant Terry S. Shilling is an individual resident of Georgia. Upon information and belief, he is a principal of Beam Partners, LLC. Service may be made on Mr. Shilling by the Secretary of State pursuant to KRS 454.210.

10. Beam Partners, by and through its principal Terry S. Shilling, contracted with KYHC, and was instrumental in forming and managing KYHC from 2011 through at least 2013.

11. Defendant Janie Miller is an individual resident of the Commonwealth of Kentucky, believed to reside at 2870 Cropper Road, Shelbyville, Shelby County, Kentucky. She is named herein in her individual capacity and as a representative of all Officers of Kentucky Health Cooperative, Inc.

12. Ms. Miller served as Chief Executive Officer of KYHC from approximately September 2012 through approximately June 2015. Among other things, Miller accepted a bonus in the amount of \$50,000 from KYHC even as KYHC was losing millions of dollars.

13. Defendant Officers and Board of Directors of the Kentucky Health Cooperative, Inc. ("Officers and Directors") is the collection of individuals responsible for the operation of KYHC. The Officers and Directors were responsible for, among other things, administering the operations of KYHC, managing the assets and finances of KYHC, and providing day-to-day management of KYHC. The Board of Directors is an entity that can sue and be sued. The Officers and Directors are being served through the Chairman of the Board of Directors as of the date of KYHC's Rehabilitation, Joseph E. Smith.

14. Defendant Joseph E. Smith is an individual resident of the Commonwealth of Kentucky believed to reside at 401 West Campbell Street, Frankfort, Franklin County, Kentucky.

He is named herein in his individual capacity and as representative of all members of the Board of Directors.

15. Defendant CGI Technologies and Solutions, Inc. ("CGI") is a for-profit corporation organized under the laws of Delaware with its principal office in Fairfax, Virginia. It is being served through its registered agent for service of process in Kentucky, Corporation Service Company.

16. CGI contracted with KYHC and served as third-party administrator for KYHC and was responsible for administering and paying KYHC's claims, among other duties.

III. CAUSES OF ACTION

COUNT 1 - BREACH OF CONTRACT AGAINST BEAM PARTNERS

17. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

18. Effective May 23, 2012, KYHC and Beam Partners entered into a Management and Development Agreement with Beam Partners whereby Beam Partners agreed to perform certain administrative and management services to KYHC in exchange for certain monetary compensation as set forth in the Agreement, a copy of which is attached as Exhibit A. This Agreement was amended on October 28, 2012, and again on December 20, 2012, to extend the contract term, among other things.

19. Under the terms of the Agreement, Beam Partners was among other things obligated to:

- a. Train and orient the Board of Directors;
- b. Recruit, verify the credentials of, and interview candidates for employment by KYHC;

- c. Create processes, systems, and forms for operating KYHC;
 - d. Identify, negotiate, and execute administrative services for the operation of KYHC; and
 - e. Provide management for KYHC during the term of the Agreement;
20. Beam Partners breached its obligations and warranties set forth in the Agreement in that:

- a. Beam Partners selected Directors who did not have educational and/or professional backgrounds appropriate for the operation of a health insurance company;
- b. Beam Partners failed to adequately train and orient the Board of Directors;
- c. Beam Partners recruited and recommended the hiring of persons without adequate educational or professional experience necessary to operate a health insurance company;
- d. Beam Partners selected and recommended a third-party administrator that had no or lacked sufficient background or experience in administering health insurance claims, and that was ill-equipped and unable to adequately administer such claims; and
- e. Beam Partners failed to monitor or supervise the performance of the individuals and entities it selected or recommended to perform services for KYHC.

21. Beam Partners' breaches of its warranties and obligations in the Agreement have directly caused KYHC to incur substantial monetary damages in excess of the jurisdictional minimum limits of this Court.

COUNT 2 - NEGLIGENCE AND GROSS NEGLIGENCE
AGAINST BEAM PARTNERS AND TERRY S. SHILLING

22. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

23. Beam Partners and Terry S. Shilling had a duty to ensure that Beam Partners personnel who performed services for KYHC were adequately and appropriately experienced, capable, and trained to perform the services and functions delegated to them.

24. Beam Partners and Terry S. Shilling had a duty to perform their obligations in a reasonable, competent and professional manner.

25. Beam Partners and Terry S. Shilling breached their duties in that they negligently, recklessly and/or gross negligently selected and advocated for the hiring of a third-party administrator, knowing that had it no or lack sufficient experience handling health insurance claims, and whose operating system was inadequate to manage such claims.

26. Beam Partners and Terry S. Shilling breached their duties by negligently, recklessly and/or gross negligently interviewing and recommending the hiring of persons without adequate educational or professional experience necessary to operate a health insurance company.

27. Beam Partners allowed its principal, Terry S. Shilling, to serve as a Board member for KYHC while Beam Partners negotiated a contract under which it was paid hundreds of thousands of dollars.

28. Beam Partners and Terry S. Shilling negligently, recklessly and/or gross negligently assembled a Board of Directors for KYHC that lacked sufficient experience to operate a health insurance company, and then negligently trained those Board members with respect to their obligations and responsibilities.

29. Beam Partners and Terry S. Shilling breached their duties in that they negligently, recklessly and/or gross negligently failed to perform their obligations in a reasonable, competent, and professional manner.

30. Beam Partners' and Terry S. Shilling's negligence, recklessness and/or gross negligence was a substantial factor in causing KYHC to incur substantial direct damages in excess of the jurisdictional limits of this Court, including punitive damages.

**COUNT 3 – BREACH OF FIDUCIARY DUTY AGAINST
BEAM PARTNERS AND TERRY S. SHILLING**

31. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

32. Beam Partners and Terry S. Shilling owed to KYHC fiduciary duties to, among other things, a) ensure that Beam Partners personnel who performed services for KYHC were adequately and appropriately experienced, capable, and trained to perform the services and functions delegated to them; b) select a third-party administrator with sufficient experience in handling health insurance claims and whose operating system was adequate to manage such claims; c) perform their obligations in a reasonable, competent and professional manner; and d) select qualified Board members without conflicts of interest.

33. Beam Partners and Terry S. Shilling failed to exercise reasonable diligence, due care, and skill in performing their obligations to KYHC's business and failed to act in good faith.

34. As a direct and proximate result of Beam Partners and Terry Shilling's failures, and as a direct and proximate result of their breach of fiduciary duties, KYHC has been damaged in an amount to be proven at trial, including punitive damages.

COUNT 4 - NEGLIGENCE AGAINST JANIE MILLER

35. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

36. Janie Miller, as KYHC's Chief Executive Officer, owed duties to KYHC and its members.

37. Pursuant to KRS 273.229, officers of a non-profit corporation must act with the same care as an ordinary prudent person in a like position in similar circumstances when tending to the corporation's affairs.

38. Miller failed to exercise ordinary care when she recommended, approved, ratified, and implemented woefully inadequate insurance premium rates, did not take remedial action to correct KYHC's deficit position, unjustifiably relied upon the opinions of others without appropriate procedures in place to justify such reliance, and agreed to expend KYHC funds in an inappropriate manner.

39. Miller accepted a bonus from KYHC in the amount of \$50,000 even as KYHC was losing millions of dollars.

40. Miller's negligence was a substantial factor in causing KYHC's insolvency.

41. As a result of Miller's negligence, KYHC has been damaged in an amount to be proven at trial.

COUNT 5 - UNJUST ENRICHMENT AGAINST JANIE MILLER

42. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

43. Miller accepted a bonus from KYHC even as KYHC was losing millions of dollars.

44. A benefit in the form of a bonus in the amount of \$50,000 has been conferred upon Miller at the expense of KYHC.

45. Miller appreciated the benefit and has inequitably retained the benefit without providing services for its value.

46. Miller has been unjustly enriched in the amount of \$50,000 and KYHC has been damaged in the same amount entitling KYHC to a disgorgement of funds.

COUNT 6 - BREACH OF FIDUCIARY DUTY AGAINST JANIE MILLER

47. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

48. Janie Miller owed to KYHC a fiduciary duty to operate KYHC for the ultimate benefit of its members to accomplish the following: (a) to establish premiums at a sufficient level to ensure the solvency of KYHC; (b) to provide financial statements to fellow KYHC Board members, officers, employees, and regulators that were not materially misleading; (c) to procure and maintain adequate reinsurance coverage to protect members; and, (d) to establish and maintain adequate reserves for payment of claims.

49. Janie Miller failed to establish premiums at a sufficient level to ensure the solvency of KYHC, and failed to establish and maintain adequate reserves for the payment of claims.

50. Janie Miller failed to exercise reasonable diligence, due care, and skill in managing KYHC's business and failed to act in good faith.

51. As a direct and proximate result Janie Miller's failures, and as a direct and proximate result of her breach of fiduciary duties, KYHC has been damaged in an amount to be proven at trial, including punitive damages.

COUNT 7 - GROSS NEGLIGENCE AGAINST JANIE MILLER

52. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

53. Janie Miller, as KYHC's Chief Executive Officer, owed duties to KYHC and its members.

54. Pursuant to KRS 273.229, officers of a non-profit corporation must act with the same care as an ordinary prudent person in a like position in similar circumstances when tending to the corporation's affairs.

55. Pursuant to KRS 273.229(5), officers of a non-profit are subject to monetary damages for injuries resulting from the officer's willful, wanton, and reckless conduct.

56. Miller willfully and recklessly ignored the obvious and foreseeable danger of setting inadequately low insurance premiums, and continued the willful and reckless conduct after it became known that the insurance premiums would result in KYHC's insolvency.

57. Miller willfully and recklessly ignored the obvious and foreseeable danger posed by CGI's continuing failure to adequately process claims on behalf of KYHC's insureds.

58. Miller's gross negligence was a substantial factor in causing KYHC's insolvency.

59. As a result of Miller's gross negligence, KYHC has been damaged in an amount to be proven at trial, including punitive damages.

**COUNT 8 - NEGLIGENCE AGAINST THE OFFICERS AND DIRECTORS
AND JOSEPH E. SMITH**

60. Pursuant to CR 10.03, Plaintiff states, reiterates and incorporates by reference each of the preceding paragraphs of this Complaint.

61. The KYHC Officers and Directors, including Joseph E. Smith, had statutory and common law duties to govern and oversee the administration of KYHC.

62. Pursuant to KRS 273.229, officers of a non-profit corporation must act with the same care as an ordinary prudent person in a like position in similar circumstances when tending to the corporation's affairs.

63. Pursuant to KRS 273.215, directors of a non-profit corporation must act with the same care as an ordinary prudent person in a like position in similar circumstances when tending to the corporation's affairs.

64. The Officers and Directors, including Joseph E. Smith, failed to exercise ordinary care by approving the establishment of woefully inadequate insurance premiums, and by failing to adequately inquire into its actuary's insurance premium determination, which led ultimately to KYHC's insolvency.

65. The Officers and Directors, including Joseph E. Smith, failed to exercise ordinary care when they continued to charge woefully inadequate insurance premiums, knowing that such inadequate premiums would result in KYHC's insolvency.

66. The Officers and Directors, including Joseph E. Smith, failed to exercise ordinary care by failing to take action to correct CGI's known and continuing inability to adequately process claims on behalf of KYHC's insureds.

67. The Officers and Directors, including Joseph E. Smith, failed to exercise ordinary care by paying bonuses to KYHC executives even as KYHC was losing millions of dollars.

68. The Officers' and Directors' negligence, including the negligence of Joseph E. Smith, was a substantial factor in causing KYHC's insolvency.

69. As a result of the KYHC Board's negligence, including the negligence of Joseph E. Smith, KYHC has been damaged in an amount to be proven at trial.

**COUNT 9 - GROSS NEGLIGENCE AGAINST OFFICERS AND DIRECTORS
AND JOSEPH E. SMITH**

70. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

71. Pursuant to KRS 273.229(5), officers of a non-profit are subject to monetary damages for injuries resulting from the officer's willful, wanton, and reckless conduct.

72. Pursuant to KRS 273.215(5), directors of a non-profit are subject to monetary damages for injuries resulting from the directors' willful, wanton, and reckless conduct.

73. The Officers and Directors, including Joseph E. Smith, willfully and recklessly ignored the obvious and foreseeable danger of setting woefully inadequate insurance premiums, and continued their willful and reckless conduct after it became known that the insurance premiums would result in KYHC's insolvency.

74. The KYHC Board, including Joseph E. Smith, willfully and recklessly ignored the obvious and foreseeable danger posed by CGI's continuing failure to adequately process claims on behalf of KYHC's insureds.

75. The KYHC Board's gross negligence, including the gross negligence of Joseph E. Smith, was a substantial factor in causing KYHC's insolvency.

76. As a result of the KYHC Board's gross negligence, including the gross negligence of Joseph E. Smith, KYHC has been damaged in an amount to be proven at trial, including punitive damages.

**COUNT 10 - BREACH OF FIDUCIARY DUTY OF
DILIGENCE AND DUE CARE AGAINST OFFICERS AND
DIRECTORS AND JOSEPH E. SMITH**

77. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

78. The Officers and Directors, including Joseph E. Smith owed to KYHC a fiduciary duty to operate KYHC for the ultimate benefit of its members to accomplish the following: (a) to establish premiums at a sufficient level to ensure the solvency of KYHC; (b) to provide financial statements to fellow KYHC Board members, officers, employees, and regulators that were not materially misleading; (c) to procure and maintain adequate reinsurance coverage to protect members; and, (d) to establish and maintain adequate reserves for payment of claims.

79. The Officers and Directors, including Joseph E. Smith, failed to establish premiums at a sufficient level to ensure the solvency of KYHC, and failed to establish and maintain adequate reserves for the payment of claims.

80. The Officers and directors, including Joseph E. Smith, elected to pay bonuses to KYHC executives even as KYHC was losing millions of dollars.

81. The Officers and Directors, including Joseph E. Smith, failed to exercise reasonable diligence, due care, and skill in managing KYHC's business and failed to act in good faith.

82. As a direct and proximate result of the Officers' and Directors' failures, including the failures of Joseph E. Smith, and as a direct and proximate result of their breach of fiduciary duties, KYHC has been damaged in an amount to be proven at trial, including punitive damages.

COUNT 11 - BREACH OF CONTRACT AGAINST CGI

83. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

84. On or about February 15, 2013 KYHC and CGI entered into an Administrative Services Agreement whereby CGI agreed to perform certain administrative and management services to KYHC in exchange for certain monetary compensation as set forth in the

Administrative Services Agreement. Subsequently, the Administrative Services Agreement was amended effective June 1, 2014. A true and correct copy of the Administrative Services Agreement and all amendments are collectively referred to as the "Agreement" and are attached hereto, incorporated herein by reference and designated as Exhibit B.

85. Under the terms of the Agreement, CGI represented and warranted that "CGI personnel who perform the services under the Agreement shall have the appropriate training, licensure and or certification to perform each task assigned to them" and that "CGI will make a good faith effort to maintain consistent staff performing the delegated functions for KYHC."

86. Under the terms of the Agreement, CGI was among other things obligated to:

a. Accurately process and pay claims for covered services provided to KYHC's insurance plan members by participating providers according to payment terms regarding timeliness and the rates and amounts set forth in KYHC's Participating Provider Agreements.

b. Accurately process and pay claims for covered services provided to KYHC's insurance plan members by providers, other than Participating Providers, in accordance with Non-Participating Provider Payment Rates and amounts.

87. CGI breached its obligations and warranties set forth in the Agreement in that:

a. CGI wholly failed to provide sufficient and adequately trained personnel to perform the services CGI agreed to perform under the Agreement;

b. CGI failed to accurately to process and pay claims on a timely basis;

c. CGI failed to pay claims at the proper contract rates and amounts thus resulting in an overpayment of claims;

- d. CGI failed to accurately and properly process enrollment segments and failed to timely reconcile enrollment segments;
- e. CGI failed to accurately process and pay DRG claims on a timely basis; and
- f. CGI failed to accurately process and pay claims for certain providers on a timely basis.

88. CGI's breaches of its warranties and obligations in the Agreement have directly caused KYHC to incur substantial monetary damages in excess of the jurisdictional minimum limits of this Court.

COUNT 12 – NEGLIGENCE AND GROSS NEGLIGENCE OF CGI

89. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

90. CGI had a duty to ensure that its personnel who performed services for KYHC were adequately and appropriately trained, licensed and certified to perform the services and functions delegated by KYHC to CGI.

91. CGI had a duty to accurately process and pay claims on KYHC's behalf in a timely manner at the correct contract rates and amounts.

92. CGI had a duty to perform its obligations in a reasonable, competent and professional manner.

93. CGI breached its duties in that CGI negligently failed to provide a sufficient number of adequately trained personnel who had sufficient knowledge of the system program utilized by CGI to process and pay health insurance claims at the correct contract rates and amounts.

94. CGI breached its duties in that it negligently failed to accurately process and pay health insurance claims on KYHC's behalf in a timely manner at the correct health insurance contract rates and amounts.

95. CGI breached its duties in that it negligently and wholly failed to perform its obligations in a reasonable, competent and professional manner.

96. CGI was grossly negligent in that it wantonly, consciously and voluntarily failed to provide a sufficient number of adequately trained personnel who had sufficient knowledge of the system program utilized by CGI to process and pay health insurance claims at the correct rates and amounts in complete disregard of the rights of KYHC.

97. CGI was grossly negligent in that it consciously, wantonly and voluntarily failed to accurately process and pay health insurance claims of KYHC's behalf in a timely manner at the correct health insurance contract rates and amounts in complete disregard of the rights of KYHC.

98. CGI was grossly negligent in that it consciously, wantonly and voluntarily failed to perform its obligations in a reasonable, competent and professional manner in complete disregard of the rights of KHYC.

99. As a direct and proximate result of CGI's negligence and/or gross negligence KYHC has incurred substantial direct damages in excess of the jurisdictional limits of this Court, including punitive damages.

COUNT 13 - UNJUST ENRICHMENT AGAINST CGI

100. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

101. By accepting fees for services rendered while it was in breach of its obligations to KYHC, CGI was unjustly enriched.

102. CGI accepted and retained its fees under such circumstances as to make it inequitable for it to retain them.

103. CGI's unjust enrichment is all to the detriment of KYHC.

104. As a result, CGI should disgorge all fees it collected from KYHC in connection with its work for KYHC.

COUNT 14 – PUNITIVE DAMAGES

105. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

106. Based on the conduct alleged herein, Defendants have engaged in conduct that has been willful and wanton and in callous disregard for the rights and sensibilities of KYHC, its insureds, and the public generally.

107. Accordingly, KYHC is entitled to an award of punitive damages against those Defendants' whose willful, wanton, and reckless conduct has damaged KYHC in an amount sufficient to punish those Defendants and to deter others from engaging in similar conduct.

COUNT 15 - ATTORNEYS' FEES

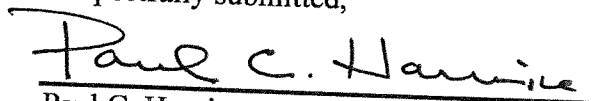
108. Pursuant to CR 10.03, Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

109. Pursuant to KRS 304.33-060, Plaintiff is entitled to recover all costs and expenses, including, but not limited to, attorneys' fees, incurred in pursuing this litigation against Defendant, without regard to any limitations otherwise prescribed by law.

WHEREFORE, Plaintiff demands as follows:

1. Judgment against Defendants jointly and severally for monetary damages in an amount in excess of this Court's jurisdictional limits;
2. any and all equitable relief to which KYHC may appear properly entitled;
3. attorneys' fees and all costs herein expended;
4. all appropriate interest;
5. punitive damages;
6. trial by jury on all issues so triable; and,
7. all further relief to which KYHC may appear entitled.

Respectfully submitted,



Paul C. Harnice
Sarah J. Bishop
STOLL KEENON OGDEN PLLC
201 West Main Street, Suite A
P.O. Box 5130
Frankfort, Kentucky 40601
Telephone: (502) 875-6220
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and

Perry M. Bentley
Lucy A. Ferguson
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300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
Telephone: (859) 231-3000
Facsimile: (859) 253-1093
E-mail: perry.bentley@skofirm.com
E-mail: lucy.ferguson@skofirm.com

Counsel for Plaintiff

Management and Development Agreement

By and between Beam Partners, LLC

And the

Kentucky Health Cooperative, Inc.

This Management and Development Agreement ("Agreement") is made as of the Effective Date, by and between Beam Partners, LLC, a Georgia Limited Liability Company, having its principal office at 2451 Cumberland Parkway, Suite 3170, Atlanta, GA 30339 ("Developer") and the Kentucky Health Cooperative, Inc., a Kentucky not-for-profit corporation located at 3288 Eagle View Lane, Lexington, KY 40509-9019 (the "Cooperative").

Recitals

WHEREAS, the Cooperative has been organized to operate as a qualified nonprofit health insurance issuer within the meaning of Section 1322(c)(1) of the Affordable Care Act (Pub. L. 111-148) (the "Co-Op Program"), offering health insurance plans that assist providers to deliver high quality health care to citizens of the Commonwealth of Kentucky; and

WHEREAS, the Cooperative has had adequate opportunity to observe the services previously provided by Developer and found them to be satisfactory; and

WHEREAS, the Cooperative approves of all activities taken on its behalf to date, including those taken by the Developer; and

WHEREAS, Developer is willing to provide or cause to be provided certain services to the Cooperative as described below and in accordance with the terms set forth below;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, it is hereby agreed as follows:

Article 1. Definitions

1.1 Applicable Law

All federal or state laws, rules, regulations, and administrative agency directives, such as Kentucky Department of Insurance or the federal Department of Health and Human Services ("HHS") Consumer Operated and Oriented Plan ("CO-OP") program requirements for loan recipients, including sub-regulatory standards such as instructions or guidelines that govern or regulate the actions of the Cooperative or Developer, as applicable.

1.2 Applicable Regulatory Agency.

Any federal agency or agency of the Commonwealth of Kentucky to the extent that it has jurisdiction or authority over the parties to this Agreement or its subject matter, including but not limited to HHS and the Kentucky Department of Insurance.

1.3 Developer Affiliate

Any person or business entity that is employed by or contracts with Developer to provide services to Developer clients, including professional corporations and "S" Corporations.

EXHIBIT

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A

1.4 Effective Date

The date this Agreement becomes effective as indicated on the signature page below.

1.5 Management and Support Services

Those services described in Section 2.1, to be supplied by the Developer and Developer Affiliates in accordance with this Agreement. The Management and Support Services shall also be referred to as the "Services."

1.6 Performance Period

The period of HHS oversight under the Co-Op Program which includes the period during which any Co-Op Program loan is outstanding plus ten (10) years.

Article 2. Description of the Management and Support Services

2.1 Types of Services

For the term of this Agreement, Developer shall make available to the Cooperative the services ("Services") identified on Exhibit 1 as the Cooperative may from time to time request. As the Cooperative's business needs change, the Cooperative and Developer shall revise the description of Services in Exhibit 1 in the manner described in Section 10.4. Administrative Services shall support the day-to-day operation of the Cooperative's business.

2.2 Personnel

Developer shall make available to the Cooperative the Services described in Exhibit 1. Developer shall assign its staff or Developer Affiliates to the Cooperative to provide such Services, and to report as appropriate directly to the President and CEO of the Cooperative or his designee, including the appropriate department head of the Cooperative, and to carry out the Cooperative's reasonable and lawful orders in connection with the furnishing of such Services. Developer Affiliates may be assigned on a part or full time basis and shall be compensated by, and shall remain as employees or consultants of Developer. Developer shall ensure that it has appropriate contracts, including confidentiality agreements and business associate agreements, with all Developer Affiliates.

2.2.1 Developer has supplied the Cooperative with a list of Developer Affiliates attached to this Agreement as Exhibit 5, as may be updated from time to time by Developer in accordance with Section 10.4. The Cooperative may review the credentials of any proposed Developer Affiliate and his or her specific qualifications to perform the Services. The Cooperative may request that a specific Developer Affiliate discontinue services under this Agreement by providing written notice to Developer.

2.2.2 Developer warrants that its arrangements with Developer Affiliates entitle it to bill for, and receive payment for Services provided by such Developer Affiliates under this Agreement. Developer acknowledges that neither Developer nor Developer Affiliates are entitled to any employment-related benefits from the Cooperative. Without limiting the generality of the prior sentence, Developer agrees that neither Developer nor Developer Affiliates are entitled to medical, dental, health, pension or retirement, workers compensation or severance benefits from the Cooperative.

2.3 Requests for and Timing of Services

The Services shall be made available to the Cooperative in accordance with requests made by the Cooperative and shall be performed by Developer Affiliates in a reasonably prompt manner subject to the requirements of Applicable Law and Applicable Regulatory Agencies, the availability of personnel and the level of tasks generally demanded of them. The parties shall establish a project plan containing a detailed set of deliverables and due dates, attached as Exhibit 2. Time is of the essence in the performance of the Services.

2.4 Screening for Individuals Excluded from Federal Programs

Developer agrees not to employ or contract with an individual or entity that is excluded from participation in Medicare or Medicaid, or with an entity that employs or contracts with such an excluded individual or entity. Developer agrees to maintain a system of monitoring its employees and contractors to ensure compliance with this requirement.

2.5 Performance Standards for Administrative Services

Developer shall cooperate with the Cooperative to ensure that the Services performed by Developer Affiliates are in accordance with Applicable Law, consistent with the obligations of the Cooperative in its agreements to arrange for health services, including the CO-OP program, free from undue influence from pre-existing health insurance issuers and in accordance with the performance standards in Exhibit 2. The parties agree that Exhibit 2 shall be amended from time to time as the Cooperative requests specific services and the parties negotiate the performance standards applicable to each service.

Article 3. Responsibility for Oversight

The parties acknowledge that the Cooperative is overseen by and accountable to CMS as a participant in the CO-OP program and shall also be accountable to the Kentucky Department of Insurance as a licensed insurer. The Cooperative shall monitor the operational performance of all Administrative Services on an ongoing basis through regular monitoring, compliance reporting or other mutually agreed upon methods. Developer agrees to comply with the Corrective Action Procedures set forth in Article 7. The Cooperative, being at risk and having ultimate control and responsibility for the functions delegated to Developer, at all times shall have the ultimate authority with respect to all matters pertaining to the business written hereunder and to the general welfare of the Cooperative.

3.1 The Cooperative Remedy for Non-Compliance

In addition to the Cooperative's ability to request removal of an individual Developer Affiliate as described in Section 2.2, the Cooperative shall have the right to terminate this Agreement in accordance with Section 7.2, if Developer or Developer Affiliates fail to comply in a material manner with i) the Performance Standards in Exhibit 2; ii) the Standards for Arms Length Transactions in Exhibit 3; or iii) the requirements of Applicable Law.

3.2 Delegation by Developer

Developer shall not contract or subcontract responsibility for any of the Services to any entity other than an approved Developer Affiliate without first obtaining written authorization from the Cooperative, including assurances that the Cooperative has received any required regulatory approvals. If Developer contracts or subcontracts responsibility for any of the Services to other than an approved Developer Affiliate, Developer shall (i) specify that the contractor or subcontractor shall comply in a material manner with all Applicable Laws; (ii) provide for

oversight to ensure that the contractor or subcontractor complies with its obligations under the contract including exhibits, and with Applicable Law to the same extent as Developer Affiliates; (iii) ensure that the provisions of Section 2.4 apply to such contractor or subcontractor; (iv) obligate the contractor or subcontractor to maintain records and allow audits to the same extent as required by Section 3.3; and (v) provide that Developer or the Cooperative or their designees have the ability to terminate the contractor or subcontractor's responsibilities upon a determination by any of them that the Services are not being performed in accordance with this Agreement.

3.3 Record Keeping

The Cooperative shall keep records of the services provided. Developer shall keep reasonable records as evidence of the basis for its charges to the Cooperative and to document its performance of the Services, including whether and the extent to which it met the Performance Standards in Exhibit 2. Unless applicable statutes or regulations require a longer time period, Developer shall retain and maintain such records and any related contracts for the period in Section 3.4, below.

3.4 Applicable Regulatory Agency Audits and Direct Access

Developer shall allow the Cooperative access upon reasonable notice and at reasonable times to examine records related to the performance of the Services, including books, contracts, medical records, patient care documentation and other records related to the Services performed pursuant to this Agreement. Developer agrees to cooperate with any audit request by an Applicable Regulatory Agency, including allowing access by the Comptroller General and HHS, the General Accounting Office or their designees with jurisdiction over the subject of this Agreement, including permitting on site audits and providing books and records to such government agencies directly or through the Cooperative until the end of the Performance Period or, if later, from the date of completion of any audit, evaluation or inspection, unless HHS determines that there is a special need for retaining the records and gives notice at least 30 days before the normal disposition date; or if: i) the Cooperative has terminated participation in the Co-Op Program; ii) an allegation of fraud or other fault has been made involving the Developer, then for six (6) years following the final resolution of the termination, dispute, fault or fraud allegation.

3.5 Data Submission

If Developer submits data to any Applicable Regulatory Agency on behalf of the Cooperative, Developer will certify to the Cooperative regarding the accuracy, completeness, and truthfulness of the data and acknowledge that the data submitted on behalf of the Cooperative will be used for purposes of obtaining Federal reimbursement.

3.6 Obligation to Report Noncompliance

Developer shall submit a written report to the Cooperative within thirty (30) calendar days of Developer's knowledge of any and all civil judgments and other adjudicated actions or decisions against Developer related to the delivery of any healthcare item or related service (regardless of whether the civil judgment or other adjudicated action or decision is the subject of a pending appeal).

Article 4. Health Data Security and Privacy

4.1 Confidential Health Information

All health data or related information, whether stored electronically or on paper, about individuals enrolled in the Cooperative plans, prospects, members, employees, providers and others is Confidential Information and subject to the terms of this Agreement. Developer shall, and shall require all Developer Affiliates and others providing Services under this Agreement to treat all Protected Health Information as defined by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and all related provisions, standards, policies, rules and regulations, as proposed and adopted from time to time, with the same care as they protect their own confidential information and in accordance with all applicable Federal and state laws and regulations, and specifically in accordance with HIPAA.

4.2 HIPAA Compliance and Business Associate Agreement

The parties agree that to the extent that Protected Health Information is disclosed to Developer or Developer Affiliates, the receiving party will adhere to the health data and information privacy policies and standards as may be promulgated under HIPAA in final form, and as deemed to be effective and applicable, as well as with any and all applicable health data or information privacy and security standards, rules, regulations and laws of the United States or of any states where the parties conduct business, including without limitation any Cooperative privacy and security standards applicable to Developer's operations. The parties further incorporate by reference, as if fully stated herein, the Business Associate Addendum by and between the Cooperative and Developer, attached hereto as Exhibit 4 and the Data Security Addendum attached as Exhibit 7.

4.3 Return of Health Information

Consistent with the terms of the Business Associate Addendum, upon the termination of this Agreement, for whatever cause or reason, Developer shall and shall ensure that Developer personnel and contractors, promptly return to the Cooperative or its designated representative or destroy, all Protected Health Information except for programs, documents and materials confidential to Developer. The terms, provisions and representations contained in this Article shall survive the termination of this Agreement. Nothing in this Section 4.3 is intended to conflict with the recordkeeping requirements in Section 3.3.

4.4 Protection of Developer Proprietary Information

The Cooperative agrees that it will be exposed to information that is non-public, confidential and/or proprietary in nature such as financial, technical, process or other business information including processes and proprietary software that was developed by and is the pre-existing property of Developer (the "Confidential Information"). The Cooperative further acknowledges that the Confidential Information has or may have competitive value in the market. Developer desires to preserve and protect the confidential nature of the Confidential Information. The Cooperative acknowledges that disclosure of the Confidential Information would cause Developer substantial and irreparable harm. The Cooperative agrees to receive and hold all such Confidential Information in confidence, whether presented in oral, electronic or written form and to use it only for the purpose of performing the Services or evaluating the Services, irrespective of whether the information independently qualifies as entitled to legal protection. The Cooperative shall not, without the prior written consent of Developer, sell, market or disclose (directly or indirectly, in whole or in part) Confidential Information to any third person, firm, corporation, entity or association, or take any action or make any disclosure that permits any third person, firm, corporation, entity or association to use or benefit from such Confidential Information. The Cooperative further agrees to adhere to, and fully comply with, any additional

restrictions or limitations as may be specifically indicated on the disclosed documents or information, or as may be otherwise communicated in writing by Developer or its representative. Such additional restrictions or limitations, or the lack thereof, on any documents or information disclosed by Developer shall not negate in any way the general requirements of this Agreement.

Article 5. Charges for Services

5.1 Payment to Developer. As consideration for the Administrative Services to be provided under this Agreement, the Developer shall bill Cooperative, and Cooperative shall pay Developer weekly at the payment rate set forth in Exhibit 5 on or before 10 business day following receipt of each invoice..

Developer represents and warrants that Developer is an independent contractor and therefore no taxes will be withheld from payments made under this Section. Developer understands and agrees that it will be responsible for any and all federal, state and local taxes, if any, owed on such fees or for Services provided by Developer and Developer Affiliates.

5.2 Developer Expenses

The Cooperative shall pay the reasonable expenses of the Developer and Developer Affiliates, if: i) Developer submits expense reports documenting the expenses; ii) all expenses incurred are consistent with the Cooperative's policies, e.g., travel policies; and iii) the expenses are either prior-approved by the Cooperative or provided for in the Cooperative's budget.

5.3 Member Hold Harmless. Developer agrees that it shall not hold members liable for fees that are the responsibility of the Cooperative. Developer agrees that in no event, including, but not limited to, nonpayment by the Cooperative, the Cooperative's insolvency, or breach of the Agreement with Developer, shall Developer, or its subcontractors, bill, charge, or collect a deposit from, seek compensation, remuneration, reimbursement or payment from, or have recourse against, members for covered services provided pursuant to this Agreement.

5.4 Federal Funds. Developer acknowledges that payments made under this Agreement shall be made, in whole or in part, with federal funds.

Article 6. Responsibility

6.1 Relationship of Parties

Nothing in this Agreement shall be construed as (a) an assumption by Developer of any obligation or legal duty of the Cooperative; (b) a guarantee of the success of the Cooperative's operations; (c) an assumption by Developer of any financial obligation of the Cooperative; (d) the creation of any relationship of employment between the Cooperative and employees or consultants of Developer, Developer Affiliates or associated companies; (e) an assumption by Developer of any responsibility for the work performed by outside suppliers employed by the Cooperative at the suggestion or recommendation of Developer; or (f) the delegation of any function or authority of the Cooperative to Developer or any Developer Affiliate; it being understood that Developer will make recommendations and offer advice pursuant to this Agreement, but that all decisions with respect thereto and otherwise shall be and remain dependent upon appropriate action of the Board of Directors or the authorized officers of the Cooperative.

6.2 Compliance with Developer Agreements and Applicable Law

The Cooperative shall negotiate and administer all agreements with employers, subscribers, providers and health insurance exchanges. The Cooperative maintains ultimate responsibility for complying with the terms of its agreements. Nothing in this Agreement shall be construed to terminate or modify the obligations of the Cooperative set forth in its agreement with any employer, subscriber, provider or health insurance exchange.

6.3 Ownership of Technology

Except as agreed by the parties for innovations related to Services performed specifically for the Cooperative, any patents, copyrights, trade secrets or other property rights arising out of work performed by Developer or Developer Affiliates that is shared with, used for or used by the Cooperative or licensed to the Cooperative shall be the sole property of Cooperative.

Article 7. The Cooperative Monitoring and Oversight

The Cooperative shall be responsible for monitoring the performance of Developer and Developer Affiliates on an ongoing basis to verify that the performance standards applicable to the Administrative Services as set forth in Exhibit 2 are being met.

7.1 CAP Procedure

If the Cooperative determines, in its sole reasonable discretion, that Developer is not performing a Service in accordance with Applicable Law, this Agreement including Exhibits, or the Cooperative policies, procedures or interpretations, the following procedures shall apply:

- A. The Cooperative shall issue a corrective action request ("CAR") to Developer;
- B. Upon receipt of the CAR, Developer must: (i) if reasonable and possible, take immediate action if such is indicated in the CAR, (ii) submit to the Cooperative a corrective action plan ("CAP"), within thirty (30) business days (unless otherwise specified in the CAR) that includes specific time frames for achieving compliance;
- C. Developer shall immediately implement the CAP, provided that the Cooperative may reject (or amend) a CAP if it reasonably determines that such CAP is inadequate. If the Cooperative rejects a CAP, the Cooperative and Developer shall work together to develop a mutually agreeable CAP. The Cooperative may, at the Cooperative's expense, audit Developer to determine Developer's compliance with the CAP;
- D. If the parties cannot reach agreement on a CAP or in the event of repeated noncompliance with any provision of a CAP, then the Cooperative, may in addition to any other remedy provided hereunder, revoke delegation of one or more Services that are the subject of the CAR, identify a third party to perform such Service or assume responsibility for performing the Service subject to the approval of any Applicable Regulatory Agency.

If Developer fails to comply with a CAP or notifies the Cooperative that it has determined that it is unable to comply with a CAP, then the Cooperative, in its sole discretion may take one or more of the following actions:

- (a) amend the time to comply with a CAP;
- (b) increase the frequency of review and audits;

- (c) provide Developer with the Cooperative's resources to perform functions necessary to comply; or
- (d) revoke any or all Services upon written notice to Developer.

7.2 Immediate Revocation of Services

The Cooperative may revoke any Service immediately upon notice if:

- (a) The Cooperative reasonably determines that Developer or Developer Affiliate(s), in performing the Services, threatens the health or safety of a member, or fails to comply with Applicable Law, or may subject the Cooperative to regulatory or legal actions or adverse actions from any Applicable Regulatory Agency or accreditation agency;
- (b) As a direct result of Developer's performance of any Service, an Applicable Regulatory Agency acts or threatens to act to: issue an adverse finding against the Cooperative; revoke the Cooperative's license; or terminate any contract with the Cooperative; or impose any sanction or fine; or
- (c) two (2) consecutive CARs fail to result in Developer achieving substantial compliance with the Cooperative's requirements for the Service.

Article 8. Term and Termination

8.1 Term

This Agreement shall become effective on the Effective Date and shall remain in full force and effect ending at 11:59 on September 30, 2012, unless sooner terminated in accordance with this Article 8. This Agreement may be renewed for one three month period ending on December 31, 2012 (the Renewal Term). If the Cooperative will not renew the Agreement for the Renewal Term, the Cooperative shall give the Developer fifteen (15) days prior written notice.

Thereafter, this Agreement may be renewed for specific Services and specific intervals at the request of the Cooperative ("Extended Terms").

8.2 Termination for Material Breach

This Agreement may be terminated by either party for a Material Breach by the other party. Material Breach shall be defined as (a) non-payment by the Cooperative of any amounts due under this Agreement; (b) the occurrence of an event causing immediate revocation in accordance with Section 7.2; (c) Developer's failure to comply with Section 2.4; (d) Developer's failure to provide Services in accordance with Applicable Law or this Agreement or to complete a CAP in accordance with Section 7.1; (e) the Cooperative's loss of a license necessary to operate or loss of recognition as a qualified nonprofit health insurance issuer; (f) a party becoming insolvent, making a general assignment for the benefit of creditors, suffering or permitting the appointment of a receiver for its business or its assets, or availing itself of, or becoming subject to, any proceeding under federal bankruptcy laws or any state laws relating to insolvency or the protection of rights of creditors; or (g) this contract is required to be revoked because an Applicable Regulatory Agency with jurisdiction over the matter determines that Developer has not performed satisfactorily.

The non-defaulting party may terminate this Agreement for Material Breach by the other party by giving written notice of the reason for termination and effective date for termination. If the

reason for termination is (a), (c) or (d) the non-defaulting party shall allow the defaulting party a reasonable period to cure the default.

8.3 Termination Obligations

Upon termination of this Agreement, there shall be no further liability on the part of Developer or the Cooperative, except for payments owed by the Cooperative to Developer pursuant to this Agreement including (i) all payments for Services provided during any notice period prior to such termination; and (ii) any costs associated with the termination and resulting transition of the Cooperative's business; and (iii) the obligations that survive termination pursuant to Section 8.4. Developer shall cooperate fully and use its best efforts to support the transition of data and any work-in-process to the Cooperative or its designee.

8.4 Obligations that Survive Termination

The following obligations survive termination or non-renewal of this Agreement for any reason:

- Section 2.2.2;
- Section 3.3;
- Section 3.4;
- Article 4;
- Section 5.1;
- Section 5.2;
- Section 5.3;
- Section 6.3
- Section 8.3;
- Section 8.4;
- Section 10.5; and
- Section 10.6.

Article 9. Notices

9.1 Method and Addresses

Any notices required or permitted to be given pursuant to this Agreement shall be given in writing and forwarded charges prepaid, by registered or certified first-class mail, and addressed as follows:

If to the Cooperative: Chair of the Board of Directors

Kentucky Health Cooperative, Inc.
3288 Eagle View Lane, Lexington, KY 40509-9019

If to Developer: Terry Shilling, Member

Beam Partners, LLC
2451 Cumberland Parkway, Suite 3170
Atlanta, GA 30339

All notices given hereunder shall be deemed to have been received by the party addressed (a) immediately upon personal delivery, (b) within seven (7) days after notice given by registered or certified U.S. mail.

9.2 Change of Address

Either party may give written notice for a change of address in accordance with this Section and any notice or request to be given hereunder shall be forwarded to the new address so provided.

Article 10. Miscellaneous

10.1 Entire Agreement

This Agreement and Exhibits constitutes the entire agreement between the parties with respect to the services described herein to be provided by Developer to the Cooperative and supersedes all previous negotiations, commitments and writings.

10.2 Binding Nature of Agreement.

This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

10.3 Assignment

This Agreement may not be assigned in whole or in part by either party except with the prior written consent of the other party and the receipt of all approvals required by Applicable Law. Any attempt to assign this Agreement in contravention of this Section shall be void and of no effect. Notwithstanding the foregoing, Developer may assign this Agreement to a wholly owned affiliate providing services to health plans, including a private purchasing council.

10.4 Amendment

Neither this Agreement nor any of its Exhibits may be modified or amended except by a writing duly signed by the authorized representatives of the parties hereto. No amendment shall be effective until it has received any required approvals of Applicable Regulatory Agencies. Notwithstanding the foregoing, this Agreement shall be deemed automatically amended to conform to the requirements of Applicable Law.

10.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

10.6 Dispute Resolution

The parties agree that any claim or dispute arising under, or relating to this Agreement shall be resolved through this dispute resolution process. Either party may initiate the dispute resolution process by a written notice to the other and both parties shall use reasonable efforts to attempt to resolve the dispute informally and quickly. If Developer and the Cooperative are unable to resolve the dispute through informal means after a period of thirty (30) days, either may submit the dispute to arbitration using the arbitration rules of the American Health Lawyers Dispute Resolution Service [<http://www.healthlawyers.org/adr/>], except to the extent that provisions in this Agreement supersede provisions in those rules, this Agreement shall control. If there is a readily determinable amount in dispute and it is \$10,000 or less, a single arbitrator shall be used; if the amount exceeds \$10,000 or cannot be readily determined, the parties shall each select an independent reviewer/arbitrator with experience in the subject matter of the dispute. The two reviewers/arbitrators shall select the third reviewer/arbitrator. The parties shall share the costs of the arbitrator(s) and any fee imposed by AHLA to use the service. All other costs and expenses of the dispute resolution process, including actual attorney's fees, shall be paid by the party that incurred them. The parties agree that the decision of the arbitration panel is final, binding and

not appealable. Any arbitration must occur in Lexington, Kentucky. Neither the filing of a dispute nor participation in the dispute resolution process pursuant to this Section 10.6 shall constitute grounds for termination of this Agreement.

10.7 Relationship of the Cooperative to Developer. The parties acknowledge that Developer provided services essential to the formation of the Cooperative and its application for CO-OP program loans. Nevertheless, it is the intent of the parties that the Cooperative and Developer operate as unaffiliated entities. Developer shall provide all Services to the Cooperative pursuant to this Agreement on an arms' length basis. It is the intention of the parties that all services provided under this Agreement shall be priced and paid at their fair market value. The provisions of Exhibit 3 are intended to contribute toward accomplishing this goal.

10.8 Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

11. List of Exhibits

Exhibit 1 – List of Services to be provided under this Agreement

Exhibit 2 – Performance Objectives for Services

Exhibit 3 – Standards for Developer's Interactions and Transactions with the Cooperative

Exhibit 4 - Business Associate Addendum

Exhibit 5 – Initial List of Approved Developer Affiliates and Corresponding Rates

Exhibit 6 – IT Security Addendum

IN WITNESS WHEREOF, the Cooperative and Developer have caused this Agreement to be executed by their respective duly authorized representatives in the manner legally binding upon them as of the date first above written.

Kentucky Health Cooperative, Inc.

Beam Partners, LLC

By: 

By: 

Name: Joseph E. Smith

Name: Terry S. Shilling

Title: Chair, Board of Directors

Title: Member

Date: 7-26-2012

Effective as of: 5/23/12

Exhibit 1

Management and Support Services to be Made Available by Beam

Development Services

- Developer shall provide the following Services to the Cooperative:
- Training and orienting the Board of Directors, as provided in Exhibit 3;
- Developing the application for State licensure, filing and working with the State Insurance Department to obtain approval of the license;
- Obtaining tax-exempt status for the Cooperative;
- Developing a network of providers that meets the network access standards for the State;
- Recruiting, verifying the credentials for and conducting initial interviews for qualified candidates for positions at the Cooperative;
- Creating processes, systems and forms for the operation for the Cooperative.
- Identifying, negotiating and executing administrative services for the operation of the Cooperative.

Management Services

Per the request of the Cooperative, Beam shall arrange Management Services to support the following functions:

Function	Ending date, unless extended
Chief Executive Officer – Overall Plan Management and advice concerning strategic direction	9/30/12
Chief Financial Officer and Head of Finance – Overall financial management, planning, reporting	9/30/12
Head of Member and Group Services – Member enrollment, public education and advice concerning strategic direction	9/30/12
Compliance Support – Guidance concerning the requirements of Applicable Law and Applicable Regulatory Agencies	9/30/12
Head of Clinical Care - Benefit development, Pharmacy Plan Management and advice concerning strategic direction	9/30/12
Head of Operations and Information Technology - Coordinates the internal	9/30/12

operations of the Plan	
Head of Provider Relations/Network Development – Network management services, including strategic direction, network adequacy and provider relations initiatives.	9/30/12
Project Management – specific projects as needed	9/30/12
Other functions, as requested by the Cooperative	

Support Services:

- Board orientation and training
- Vendor Oversight – Business Process Organization (BPO), p-Pharmacy Benefits Manager (PBM) or other delegated services
- HCC Analysis, both prospective and retrospective
- Other functions, as agreed to by the parties

Reporting Requirements

As part of each request for Services, Beam and the Cooperative shall agree on the reporting requirements to accompany such Services. At a minimum, the reporting shall be sufficient to allow the Cooperative to provide oversight to the Cooperative in the performance of any delegated functions.

Exhibit 3

Standards for Arms' Length Transactions Between Developer and the Cooperative

It is the intent of the parties that they conduct their interactions in accordance with the principles and procedures in this document. The purpose of this document is to establish a set of principles, procedures and standards for interactions that will protect the Cooperative from being dominated by Developer and to protect Developer from the appearance of impropriety in its interactions with the Cooperative. The parties fully expect that these principles and procedures will, over time result in an arms' length relationship between the parties. For purposes of this Exhibit 3, references to the "Cooperative" include the Cooperative's governing Board and senior level staff.

- 1) Developer will perform all tasks assumed under the Agreement and will ensure that it structures its tasks to push progress reports and data to the Cooperative at regularly scheduled intervals and logs all responses and feedback received from the Cooperative.
- 2) In addition to "push reports", Developer will structure its projects using its web-based tracking system and will allow access to its tracking reports related to the Cooperative to Directors and individuals at the Cooperative responsible for monitoring the Services.
- 3) Developer will provide the Cooperative with all information requested concerning the performance and activities of the Cooperative, individually and on a comparative basis with other Cooperatives. Examples of such information include information about the fair market value of any component of the Services, accepted industry performance standards for measuring the performance of the Services.
- 4) Developer will provide the Cooperative with complete, accurate and truthful information about its performance to the best of Developer's knowledge.
- 5) Developer will maintain complete, accurate and detailed records of its performance of the Services.
- 6) If Developer is aware of additional information not requested by the Cooperative that is typically requested or required or helpful to assist the Cooperative to analyze its performance, Developer will volunteer that information to the Cooperative.
- 7) To ensure Directors' active and knowledgeable participation in the oversight of the Cooperative, Developer will make available a detailed orientation for all Directors, including the Directors' duties of care, loyalty and obedience to Applicable Law, the Cooperative's formation documents, the requirements for the CO-OP program, work plan for 1/1/2014, the milestones, how reporting will occur and how to access the tracking system.
- 8) In addition to the general overview, Developer will begin to train the Directors on the compliance issues the Cooperative will face and its obligations under Applicable Law.
- 9) Developer acknowledges that Directors, in the exercise of their duty of proper care, will periodically audit Developer's records related to the Services. Developer shall cooperate fully with audits by Directors or Cooperative staff, whether performed directly or conducted by an agent of the Cooperative. Notwithstanding the foregoing, Developer shall be entitled to require any auditor to agree to maintain the confidentiality of records and proprietary information it encounters as a result of the audit.

- 10) Developer shall and shall require all individuals providing Services through Developer, including subcontractors, to disclose potential conflicts with the Developer, the Cooperative or its executives or Directors. Developer shall document all such disclosed potential conflicts and maintain the documents accessible to the Directors. Individuals with conflicts shall be prohibited from participating in discussions on matters related to the conflict. For example, if Developer's staff member owns an interest in a printing company, this interest shall be disclosed and the staff member shall be prohibited from participating in discussions concerning the selection of the printer – whether the discussion relates to selection of the printer by Developer or by the Cooperative.
- 11) Developer shall accurately record and clearly report the costs to the Cooperative for providing the Services. Developer will provide the report in such format and with such frequency as the Board shall request.

Exhibit 4

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum ("Addendum") is effective as of May 23, 2012 and by and between Kentucky Health Cooperative, Inc. ("Cooperative") and Beam Partners, LLC ("Developer").

Developer understands that as a result of the services that Developer will provide to Cooperative under the Services Agreement, that Developer is a Business Associate of Cooperative as that term is defined by Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. 1320d, et seq. ("HIPAA").

Developer hereby agrees to comply with the requirements of the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. 1320d, et seq. as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH") and the regulations promulgated thereunder including the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164 (the "Privacy Rules"), and the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Parts 160 and 164 (statute and regulations, as any of these are amended from time to time, hereafter collectively referred to as "HIPAA") as they apply to Protected Health Information and electronic forms of Protected Health Information (collectively, "PHI") (as defined in 45 C.F.R. 164.501) provided or made available to Developer by Cooperative or created by Developer in the course of its services on behalf of Cooperative. These requirements are described below.

1. GENERAL PROVISIONS

- 1.1 Effect. Any ambiguity in this Addendum or between this Addendum and the contract with Developer, or between this Addendum and the Services Agreement shall be resolved to permit Cooperative to comply with HIPAA.
- 1.2 Change in Law/Amendment. Developer agrees to take such action as is necessary to amend this Addendum from time to time as is necessary to permit either party to comply with the requirements of HIPAA or other applicable laws or regulations.
- 1.3 Definitions. All capitalized terms used herein and not otherwise defined in this Addendum shall have the meanings established in HIPAA.
- 1.4 Responsibility for Developer Staff. Developer agrees to take all reasonable steps to educate its employees and other agents about the obligations of this Business Associate Agreement. In addition, Developer agrees to supervise its employees and other agents who have access to PHI through their work on behalf of Developer or their exposure to Cooperative documents and data to ensure that the obligations of this Business Associate Agreement are fulfilled by each such employee or agent.

2. OBLIGATIONS OF BUSINESS ASSOCIATE ASSUMED BY DEVELOPER

- 2.1 Prohibition on Unauthorized Use or Disclosure. Developer agrees that it shall not, directly or indirectly, use or disclose or permit its staff to use or disclose PHI provided, obtained from or otherwise made available by Cooperative (including through Developer) for any purpose other than as expressly permitted or required by this Addendum or as required by HIPAA or other applicable law.

- 2.2 Use and Disclosure of PHI Under Addendum. Except as otherwise limited in this Addendum, Developer is permitted to use and/or disclose PHI it creates or receives from or on behalf of Cooperative for the following purpose(s): management and administrative services as set forth in and consistent with its obligations in the Services Agreement, provided that such use or disclosure would not violate HIPAA if done by Cooperative.
- 2.3 Use of PHI for Management, Administration and Legal Responsibilities. Developer may use and/or disclose PHI if
- 2.3.1 the use is for (a) the proper management and administration of the Developer / Business Associate or to carry out the legal responsibilities of Business Associate, or (b) to provide data aggregation services relating to the health care operations of Cooperative if such services are required under the Services Agreement; or
 - 2.3.2 the disclosure is for the proper management and administration of Developer or to carry out the legal responsibilities of Developer, provided (i) the disclosure is Required by Law; or (ii)(A) Developer obtains reasonable assurances from the person or entity to whom PHI is disclosed that PHI will be held confidentially and used or further disclosed by such person or entity only as Required by Law or for the purpose(s) for which it was disclosed to such person or entity; and (B) the person or entity to whom PHI is disclosed will use all appropriate safeguards to prevent the use or disclosure of PHI; and (C) the person or entity to whom PHI is disclosed immediately notifies Cooperative upon learning of any breach of the confidentiality of such PHI.
- 2.4 Safeguards. Developer shall establish, implement, use and maintain administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of and to prevent non-permitted use or disclosure of the PHI, including, without limitation: red flag compliance policies, encrypting and securing PHI in accordance with the HHS "Guidance Specifying Technologies and Methodologies that Render Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized Individuals", establishing appropriate policies and procedures (and informing Cooperative of the same upon request) to ensure the privacy and security of all PHI disclosed to Developer or received, created, maintained or transmitted by Developer on behalf of Cooperative.
- 2.5 Mitigation. Developer shall have procedures in place for mitigating, to the maximum extent practicable, any deleterious effect from the use or disclosure of PHI in a manner contrary to this Addendum or HIPAA, including notifying persons whose unsecured PHI is inappropriately disclosed, as required by applicable law. Developer shall develop and implement a system of meaningful sanctions for any employee, subcontractor or agent of Developer who violates this Addendum or HIPAA.
- 2.6 Reports of Improper Use or Disclosure. Developer shall report to Cooperative within five (5) business days of Developer's discovery, any use or disclosure of PHI not provided for or permitted by this Addendum by Developer or any of its officers, directors, employees, contractors or agents, whether or not such disclosure compromises the security or

privacy of any PHI. In addition, Developer shall report to applicable regulatory agencies when and as required by applicable law.

The report shall be in writing, giving notice, of the possible breach, when discovered and shall include a risk assessment of whether or not a breach occurred as a result of the improper acquisition, access, use or disclosure of PHI. If the disclosure compromises the security or privacy of the PHI, in other words, the disclosure imposes a significant risk of financial, reputational or other harm to the individual, a breach has occurred. The disclosure shall include all information necessary to allow the Cooperative to make a legally sufficient disclosure to affected individuals.

Factors the Business Associate should consider in the risk assessment include: (a) who used the PHI; (b) who received the PHI; (c) whether the disclosure was to a covered entity or business associate of a covered entity; (d) whether evidence indicates that the PHI was accessed; (e) the nature of the information disclosed; and (f) whether the business associate was able to take immediate steps to mitigate the harm.

The risk assessment must be fact specific and documented with the factors considered to support the conclusion of whether or not a breach occurred. The report shall also include any other information to allow the covered entity to determine if it will give notice to the individual(s). If Developer or a Developer agent causes or permits the breach, Developer shall be responsible for the cost of the notice to the individual(s). A possible breach is discovered on the first day Developer knows of the possible breach or would have known had it exercised reasonable diligence.

2.7 Records. Developer shall maintain records of PHI received from, or created or received on behalf of, Cooperative and shall document subsequent uses and disclosures, except for (i) uses and disclosures for treatment, payment or healthcare operations; (ii) uses and disclosures pursuant to a valid authorization from an Individual; or (iii) uses and disclosures otherwise excepted from the accounting requirement (see 45 C.F.R. 164.528) under HIPAA, made by Developer. Developer shall upon request provide Cooperative with immediate access to examine and copy such records and documents of Developer during normal business hours.

2.8. Secure Destruction. Developer shall securely destroy all PHI. The valid destruction practice for paper, film or other hard copy media is to shred or destroy in such a way that the PHI cannot be read or otherwise reconstructed. Electronic media must be cleared, purged or destroyed so that PHI cannot be retrieved consistent with NIST Special Publication 800-88 (available at <http://www.csrc.nist.gov>).

2.9 Agreements with Third Parties. Developer shall enter into and maintain an agreement with each agent and subcontractor that has or will have access to PHI under which agreement the agent or subcontractor is legally bound by the same restrictions with respect to PHI that apply to Developer pursuant to this Addendum. Developer agrees to provide Cooperative with advance notice of any arrangement that involves sharing of PHI with a subcontractor or delegate, and an opportunity to approve the delegation / subcontracting arrangement. Developer agrees to permit Cooperative, upon reasonable request, to review and inspect all such subcontracts with subcontractors and agents in order to confirm Developer's compliance with this Addendum. Developer further agrees that it will disclose to its subcontractors, agents or third parties, and request from Cooperative, only the minimum

necessary PHI to perform or fulfill a specific function required or permitted under such subcontracts. Nothing in this Section 2.7 shall supersede Sections 1 and 5 of the Services Agreement.

2.10 Accounting of Disclosures. Within fifteen (15) calendar days of receipt of notice from Cooperative that it has received a request for an accounting of disclosures of PHI in accordance with HIPAA, Developer shall provide to Cooperative the information in Developer's possession that is required for the accounting required by 45 C.F.R. 164.528(b) and (c). At a minimum, Developer shall provide Cooperative with the following information for each disclosure: (i) the date of the disclosure; (ii) the name of each entity or person who received the PHI and, if known, the address of such entity or person, (iii) a brief description of the PHI disclosed, and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure. If an individual's request for an accounting is delivered directly to Developer, Developer shall within two (2) business days of receipt forward such request to Cooperative. Developer agrees to implement an appropriate record-keeping process to enable it to comply with the requirements of this section.

2.11 Amendments. Developer agrees to make any amendment(s) to PHI in a Designated Record Set that Cooperative directs or to which Cooperative agrees pursuant to 45 C.F.R. 164.526, at the request of Cooperative, and within five (5) business days of receipt of such request. In the event an individual's request for an amendment is delivered directly to Developer, Developer shall within two (2) business days of receipt notify Cooperative of such request and coordinate with Cooperative any amendments to which Cooperative agrees.

2.12 Access to Information. Developer shall make available and provide Cooperative with access to an individual's PHI in a Designated Record Set in accordance with all of the requirements set forth in HIPAA. Within five (5) business days of receipt of a request by Cooperative for access to PHI contained in an individual's Designated Record Set, Developer shall provide to Cooperative such information. If any individual requests access to his or her PHI directly from Developer, Developer shall within two (2) days of receiving such request, forward such request to Cooperative and coordinate any responses or disclosures with Cooperative.

2.13 Availability of Books and Records. Developer hereby agrees to make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by Developer on behalf of Cooperative available to the Secretary of HHS or his/her designee ("Secretary") in a time and manner designated by the Secretary, for purposes of determining Cooperative's compliance with HIPAA. Developer agrees to cooperate fully and in good faith with and to assist Cooperative in complying with the requirements of HIPAA and any investigation of Cooperative regarding compliance with HIPAA conducted by the HHS Office of Civil Rights, or any other administrative or judicial body with jurisdiction, including, but not limited to, disclosing or providing access to or an accounting of PHI as Cooperative may request. Developer further agrees to make available to Cooperative its practices, books and records relating to the use and disclosure of PHI within five (5) business days of such request, for purposes of enabling Cooperative to determine Developer's compliance with the terms of this Addendum.

3. SECURITY OBLIGATIONS

3.1 Safeguards. Developer agrees to implement appropriate administrative, physical, technical service and technical security measures to protect the integrity, confidentiality and availability of any PHI that it may receive, transmit or maintain as a result of Developer's services on behalf of Cooperative.

3.2 Compliance. Developer agrees that all such security measures will be consistent with 45 CFR 164 subpart C (HIPAA Security Rule) and in compliance with the requirements of HIPAA Security Rule as of the effective date of the regulation and as amended from time to time..

3.3 Agents. Developer agrees to ensure that any agent, including a subcontractor, to whom it provides PHI, agrees to implement reasonable and appropriate safeguards to protect the integrity, confidentiality and availability of such PHI.

3.4 Security Incidents. Developer agrees to report to Cooperative any Security Incident (as defined by 45 CFR 164.304) of which it becomes aware, as required by 45 CFR 164.314(a)(2)(i).

4. OBLIGATIONS OF COOPERATIVE

4.1 Changes. Cooperative shall provide Developer with any of the following, to the extent it may affect Developer's use or disclosure of PHI: (a) any limitation(s) in Cooperative's Notice of Privacy Practices; (b) any changes in, or revocation of, permission by an owner of PHI to use or disclose PHI; and (c) any restriction to the use or disclosure of PHI to which Cooperative has agreed in accordance with 45 C.F.R. 164.522.

4.2 Cooperative shall not request Developer to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Cooperative.

5. TERMINATION

5.1 Termination upon Breach. If either party, in its reasonable discretion, determines that the other has violated a material term of this Addendum, the non offending party may terminate this Addendum and Developer's participation under the Services Agreement. Upon such determination, the non offending party shall at its option (a) require cure of the breach within five (5) days or this Addendum shall be terminated if the breach is not cured to the reasonable satisfaction of the non-offending party, within that period; or (b) immediately terminate the Addendum if a material term of this Addendum has been breached and cure is not possible, in the non offending party's reasonable discretion. Each party acknowledges that if termination of this Addendum is not feasible in the non offending party's sole discretion, the non offending party has the right to report the breach to the Secretary.

5.2 Effect of Termination.

5.2.1 Except as provided in Section 5.2.2, upon termination for any reason of: i) this Addendum; or ii) the Services Agreement, Developer shall return or destroy all PHI received from Cooperative, or received or created by Developer on behalf of Cooperative in the time period directed by Cooperative. This provision shall apply to PHI that is in the possession of subcontractors or agents of Developer. Developer shall retain no copies

of the PHI, including any electronic medium under Developer's custody or control. All data destruction shall be in accordance with Section 2.8.

5.2.2 If Cooperative determines that returning or destroying the PHI is not feasible, Developer understands and agrees that it shall extend the protections of this Addendum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Developer maintains such PHI.

6. MISCELLANEOUS

6.1 **Property Rights.** Developer hereby acknowledges that, as between Developer and Cooperative, all PHI shall be and shall remain solely the property of Cooperative, including any and all forms thereof developed by Developer in the course of fulfilling its obligations pursuant to: i) this Addendum; ii) Developer's contract with the Business Associate; or iii) the Services Agreement.

6.2 **No Third Party Beneficiaries.** Nothing express or implied in this Addendum shall confer upon any person, other than Developer and Cooperative and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities whatsoever.

6.3 **Injunctive Relief.** Notwithstanding any rights or remedies provided for in the Services Agreement, Cooperative hereby retains all rights to seek injunctive relief to prevent or stop the unauthorized use or disclosure of PHI by Developer or by any agent or subcontractor of Developer or by any third party that receives or otherwise obtained PHI from Developer.

6.4 **Waiver.** Neither the failure nor any delay by Cooperative to exercise a right, remedy or privilege under this Addendum shall operate as a waiver thereof, nor shall any single or partial exercise by Cooperative of a right, remedy or privilege preclude any further exercise of the same.

6.5 **Counterparts.** This Addendum may be executed in any number of counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Parties have executed this Business Associate Addendum through their duly authorized representatives as of the date first written above.

Kentucky Health Cooperative, Inc.

Beam Partners, LLC

By 

By _____

Name: Joseph E. Smith

Terry S. Shilling

Title: Chair, Board of Directors

Title: Member

Date: 7-26-2012

Effective as of: 5/23/12

Exhibit 5

Initial List of Approved Developer affiliates and Corresponding Rates

CONFIDENTIAL – EXEMPT FROM KENTUCKY FREEDOM OF INFORMATION ACT
DISCLOSURE, INCLUDING UNDER EXCEPTION Ky. Rev. Stat. Ann. §61.870 et seq.

Name	Title	Hourly Rate (\$)
Terry Shilling	Chief Executive Officer	210
Lisa Blumé	Chief Financial Officer, Head of Finance	135
Jim McHaney	Head of Member & Group Services	125
Jim Krainz	Head of Operations and Information Technology	125
Michael Hartnett	Project Manager	100
Alan Bayham	Head of Clinical Care/Head of Provider Relations/Network Development	125

Cooperative acknowledges that it has agreed to a list of milestones incorporated in the Cooperative's agreement with CMS. Beam agrees to monitor achievement of these milestones for the period(s) covered by this Agreement. At the end of a milestone reporting period (generally the close of a calendar quarter), and in addition to the hourly rates billed above, Beam shall be entitled to bill and collect \$15.00 per hour from the Cooperative for all hours billed or expended for a milestone due in the reporting period if Beam achieves that milestone within the timeframe noted for each milestone.

Exhibit 6
Information Security Addendum

This Information Security Addendum ("ISA") is made pursuant to and attached to the Development Agreement (the "Agreement") executed by and between Beam Partners, LLC ("Developer") and the Kentucky Health Cooperative, Inc., a Kentucky not-for-profit corporation ("KYHC"). If an express conflict arises between this ISA and the Agreement, the terms of this ISA shall control with respect to the specific subject matter hereof: information security standards and requirements.

WHEREAS, the Parties recognize that information security practices play an important role in their relationship; and

WHEREAS, the Parties wish to memorialize those information technology security practices which they will adhere to;

NOW THEREFORE, KYHC and Developer hereby agree as follows:

1. Overview: Developer has been retained to assist KYHC to become operational, including assisting KYHC to identify and select vendors, setting up KYHC's systems and ensuring that the systems are integrated so that KYHC's interface with providers, employers, the health insurance exchanges and enrollees is successful. The Parties agree that:
 - Each Party must comply with HIPAA privacy requirements and Commonwealth of Kentucky rules regarding privacy, and ensure data integrity at their respective organizations;
 - The Parties will execute a Business Associate if Developer will have access to any Protected Health information in the course of performing the Services for KYHC;
 - Shared data will be limited to de-identified Protected Health Information unless all Parties determine otherwise for specific initiatives; and
 - Data stored at KYHC shall be treated in a manner consistent with the HIPAA privacy rule and Commonwealth of Kentucky rules governing privacy; and
 - The Parties will comply with this ISA, as amended from time to time to ensure that their data is maintained securely.
2. Definitions: Any term not defined herein shall have the meaning ascribed to it in the Agreement.
 - a) "Confidential Information" means
 - (1) All past, present and future business activities and all information related to the business of either Party and its members and/or patients, that may be obtained from any source, whether written or oral, as well as trade secrets, all information on any Device or under the ownership or control of either Party or its Personnel or contained in the Software on any Device.

- (2) Confidential Information also includes any information relating to the pricing, software or technical information, hardware, methods, processes, financial data, lists, apparatus, statistics, program, research, development or related information of a Party, its members and/or enrollees concerning past, present or future business activities, and/or the results of the provision of Services performed pursuant to the Agreement.
- (3) Confidential Information does not include information that:
- (i) was previously published or is now or becomes public knowledge through no fault of the other Party; or
 - (ii) Can be established to have been made available to the other Party, without restriction on disclosure, by a third person not under obligation of confidentiality with respect to the disclosed information; or
 - (iii) Can be established to have been independently developed by the other Party; or
 - (iv) constitutes know-how which in ordinary course becomes indistinguishable from the know-how of the other Party; or
 - (v) Is in response to a valid order by a court of competent jurisdiction or otherwise required by law.
- b) "Device" means any personal computer, laptop, personal digital assistant ("PDA"), mainframe, network, LAN, workstation or MFD.
- c) "Information Security" means protecting information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction.
- d) "Multi-Function Device" or "MFD" means an office machine which incorporates the functionality of multiple devices in one, including typically: Printing, Scanning, Photocopying, Faxing and / or E-mailing.
- e) "Party" shall mean either Developer or KYHC and "Parties" shall mean both.
- f) "Personal Computer" or "PC" means any laptop, notebook, desktop, netbook, or other personal computing device that is used to access, process or display information. This definition does not include computing devices operating as servers in a hardened, controlled access, secured datacentre.
- g) "Personnel" means a Party's employees or subcontractors.
- h) Software includes all software, middleware, firmware, groupware and licensed internal code whether owned or licensed currently or in the future accessed by a Party's personnel by any direct or remote access method.

3. Best Practices:

- a) Parties shall adhere to industry best practice standards related to information security relating to its Devices and Software.

- b) Each Party shall develop and maintain a comprehensive control framework based upon generally accepted best practices using a standard set of controls, including commercially available and widespread use of precautionary measures.
- c) Each Party shall secure access to its offices.
- d) Each Party shall limit access to Confidential Information to authorized Personnel only.
- e) Each Party shall provide periodic and mandatory Information Security training to its Personnel.
- f) Each Party shall ensure that commercially reasonable standards are followed to limit Personnel access to view, copy, transfer and edit data to the minimum necessary to allow them to perform their required task, including log ins required to move from one type of file to another (e.g. clinical treatment to payment)
- g) Each Party shall limit access to Confidential Information to the minimum necessary dataset required to accomplish the intended purpose or use.

4. Security Policy

Each Party shall develop and maintain a comprehensive Information Security Policy ("Policy"), which it shall review annually, or whenever there is a material change in its practices. Each Party shall designate a staff member as its Security Officer to maintain its Policy and shall monitor its Policy to ensure that it is reasonably calculated to prevent unauthorized access. The Policy shall address at a minimum:

- a. The role of the Security Officer as the primary security liaison between the Parties and as the individual primarily responsible for ensuring Information Security.
- b. Access controls, including physical and electronic access controls such as passwords
- c. Security monitoring systems that identify users, locations and times and limit access to those who need access to perform their services.
- d. Use of unsecured wireless fidelity ("Wi-Fi") or any other unsecured wireless technology by agents of either Party.
- e. Use of encryption.
- f. Software updates and patches and use of anti-virus software and virus / malware / spyware scanning.
- g. Firewalls.
- h. Secure destruction and disposal of devices, storage media following National Institute of Standards and Technology ("NIST") Special Publication 800-88.
- i. Procedures for recovering devices and media from Personnel when their active participation in the Services ends.
- j. Processes to detect, mitigate and report security breaches.
- k. Policies to regulate guest use of systems and devices and to establish security protocols for guest access by incoming guests or by Personnel using other facilities.
- l. Transfer or return of all information and coordinating the disconnection of all systems and devices following the termination of this Agreement.


5. **Modification of Requirements** This ISA contains minimum standards intended to protect the Parties' Confidential Information. Each Party remains responsible to take any additional precautions necessary to ensure that the Parties' confidential information is protected from unauthorized disclosure and use.

6. **Failure to Comply**

The Parties agree that a failure by either Party to make a good faith effort to comply with this ISA shall be grounds for termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, have caused this ISA to be signed by their authorized representatives on the respective dates following their signatures below.

BY: Kentucky Health Cooperative, Inc.:

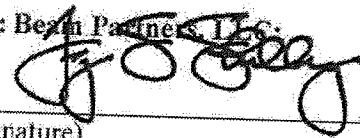

(Signature)

Joseph Smith
Chair, Board of Directors

7-26-2012

(Date)

BY: Beam Partners, LLC:


(Signature)

Terry Shilling
Principal, Beam Partners, LLC

7/26/2012

(Date)

Amendment 1
To the
Management and Development Agreement
By and between Beam Partners, LLC
And the
Kentucky Health Cooperative, Inc.

This First Amendment to the Management and Development Agreement is made as of the Effective Date below.

Recitals

WHEREAS, a Management and Development Agreement is in effect between Developer and the Cooperative; and

WHEREAS, the Cooperative has had adequate opportunity to observe the services previously provided by Developer and found them to be satisfactory; and

WHEREAS, the parties desire to amend the Agreement in accordance with the terms of this First Amendment,

NOW, THEREFORE, the Agreement is amended as follows:

- 1) Section 8.1 is deleted in its entirety and replaced with the following:

8.1 Term. This Agreement shall become effective on the Effective Date and shall remain in full force and effect ending at 11:59 on December 31, 2012, unless sooner terminated in accordance with this Article 8. Thereafter, this Agreement may be renewed for specific Services and specific intervals at the request of the Cooperative ("Extended Terms").

- 2) Exhibit 1 is deleted in its entirety and replaced with the Exhibit 1 attached hereto.


- 3) Exhibit 5 is deleted in its entirety and replaced with the Exhibit 5 attached hereto.

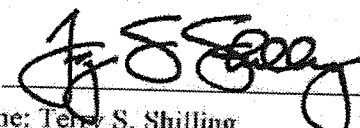
- 4) Except as modified herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Cooperative and Developer have caused this first Amendment to be executed by their respective duly authorized representatives in the manner legally binding upon them as of the date first above written.

Kentucky Health Cooperative, Inc.

Beam Partners, LLC

By: 
Name: Joseph E. Smith
Chair, Board of Directors or Chief Executive

By: 
Name: Terry S. Shilling
Member

Date: 10-30-12

Effective as of: August 1, 2012

Exhibit 1 as amended by Amendment 1
Management and Support Services to be Made Available by Beam

Development Services

- Developer shall provide the following Services to the Cooperative:
- Training and orienting the Board of Directors, as provided in Exhibit 3;
- Developing the application for State licensure, filing and working with the State Insurance Department to obtain approval of the license;
- Obtaining tax-exempt status for the Cooperative;
- Developing a network of providers that meets the network access standards for the State;
- Recruiting, verifying the credentials for and conducting initial interviews for qualified candidates for positions at the Cooperative;
- Creating processes, systems and forms for the operation for the Cooperative.
- Identifying, negotiating and executing administrative services for the operation of the Cooperative.

Management Services

Per the request of the Cooperative, Beam shall arrange Management Services to support the following functions:

Function	Ending date, unless extended
Chief Executive Officer – Overall Plan Management and advice concerning strategic direction	9/30/12
Chief Financial Officer and Head of Finance – Overall financial management, planning, reporting	12/31/12
Head of Member and Group Services – Member enrollment, public education and advice concerning strategic direction	12/31/12
Compliance Support – Guidance concerning the requirements of Applicable Law and Applicable Regulatory Agencies	12/31/12
Head of Clinical Care – Benefit development, Pharmacy Plan Management and advice concerning strategic direction	12/31/12
Head of Operations and Information Technology – Coordinates the internal operations of the Plan.	12/31/12
Head of Provider Relations/Network Development – Network management services, including strategic direction, network adequacy and provider relations	12/31/12

initiatives.	
Project Management – specific projects as needed	12/31/12
Human Resources – Provide or arrange for support with hiring, benefits management and other human resources processes	12/31/12
Technology acquisition support – Provide advice and information concerning hardware for IT infrastructure.	12/31/12
Other functions, as requested by the Cooperative	12/31/12

Support Services:

- Board orientation and training
- Vendor Oversight – Business Process Organization (BPO), p-Pharmacy Benefits Manager (PBM) or other delegated services
- HCC Analysis, both prospective and retrospective
- Other functions, as agreed to by the parties

Reporting Requirements

As part of each request for Services, Beam and the Cooperative shall agree on the reporting requirements to accompany such Services. At a minimum, the reporting shall be sufficient to allow the Cooperative to provide oversight to the Cooperative in the performance of any delegated functions.

Exhibit 5 – as amended by Amendment 1
Initial List of Approved Developer affiliates and Corresponding Rates

CONFIDENTIAL – EXEMPT FROM KENTUCKY FREEDOM OF INFORMATION ACT
DISCLOSURE, INCLUDING UNDER EXCEPTION Ky. Rev. Stat. Ann. §61.870 et seq.

Name	Title	Hourly Rate (\$)
Terry Shilling	Chief Executive Officer	\$210
Lisa Blume	Chief Financial Officer, Head of Finance	\$135
Jim McHaney	Head of Member & Group Services	\$125
Jim Krainz	Head of Operations and Information Technology	\$125
Michael Hartnett	Project Manager	\$100
Alan Bayham	Head of Clinical Care/Head of Provider Relations/Network Development	\$125
Mark Gentry	Licensure Plan Support	\$135
Eric LeMarbre	Accounts Payable	\$125
James Starnes	Technology Acquisition Support	\$125
Karin Anders	Human Resources Support	\$ 50

Cooperative acknowledges that it has agreed to a list of milestones incorporated in the Cooperative's agreement with CMS. Beam agrees to monitor achievement of these milestones for the period(s) covered by this Agreement. At the end of a milestone reporting period (generally the close of a calendar quarter), and in addition to the hourly rates billed above, Beam shall be entitled to bill and collect \$15.00 per hour from the Cooperative for all hours billed or expended for a milestone due in the reporting period if Beam achieves that milestone within the timeframe noted for each milestone.

Amendment 2
To the
Management and Development Agreement
By and between Beam Partners, LLC
And the
Kentucky Health Cooperative, Inc.

This Second Amendment to the Management and Development Agreement is made as of the Effective Date below.

Recitals

WHEREAS, there is in effect a Management and Development Agreement between Developer and the Cooperative, as amended; and

WHEREAS, the Cooperative has had adequate opportunity to observe the services previously provided by Developer and found them to be satisfactory; and

WHEREAS, the parties desire to amend the Agreement in accordance with the terms of this Second Amendment,

NOW, THEREFORE, the Agreement is amended as follows:

- 1) Section 8.1 is deleted in its entirety and replaced with the following:

8.1 Term. This Agreement shall become effective on the Effective Date and shall remain in full force and effect ending at 11:59 on June 30, 2013, unless sooner terminated in accordance with this Article 8. Thereafter, this Agreement may be renewed for specific Services and specific intervals at the request of the Cooperative ("Extended Terms").

- 2) Exhibit 1 is deleted in its entirety and replaced with the Exhibit 1 attached hereto.

- 3) Exhibit 5 is deleted in its entirety and replaced with the Exhibit 5 attached hereto.

Except as modified herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Cooperative and Developer have caused this first Amendment to be executed by their respective duly authorized representatives in the manner legally binding upon them as of the date first above written.

Kentucky Health Cooperative, Inc.

By: 

Name: Joseph Smith

Title: Chair, Board of Directors

Date: 12-20-12

Beam Partners, LLC

By: 

Name: Terry S. Shilling

Title: Member

Effective as of: December 31, 2012

Exhibit 1 as amended by Amendment 2

Development and Support Services to be Made Available by Beam

Development Services

- Developer shall provide the following Services to the Cooperative:
- Developing the application for State licensure, filing and working with the State Insurance Department to obtain approval of the license;
- Filing and Obtaining tax-exempt status for the Cooperative;
- Verifying the credentials for and conducting initial screening interviews for qualified candidates for positions at the Cooperative;
- Supporting the creation of processes, systems and forms for the operation for the Cooperative.
- Provide consultation to Cooperative regarding the development and implementation of administrative services for the operation of the Cooperative.

Support Services

Per the request of the Cooperative, Beam shall arrange Support Services to support the following functions:

Function	Ending date, unless extended
Chief Executive Support	All support services expire on June 30, 2013, unless an earlier request is made by KYHC
Financial Support, including support for external audit	
Member and Group Services Support	
Licensure and Compliance Support	
Clinical Care and Network Development Support	
Operations and Information Technology Support	
Project Management	
Human Resources Support	
Technology acquisition Support	
Other support functions, as requested by the Cooperative	

Exhibit 5 – as amended by Amendment 1
Initial List of Approved Developer affiliates and Corresponding Rates

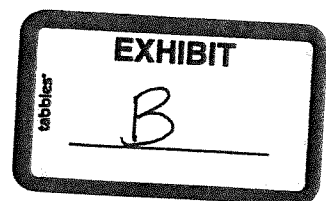
CONFIDENTIAL – EXEMPT FROM KENTUCKY FREEDOM OF INFORMATION ACT
DISCLOSURE, INCLUDING UNDER EXCEPTION Ky. Rev. Stat. Ann. §61.870 et seq.

Name	Hourly Rate (\$)
Terry Shilling	\$210
Mark Gentry	\$135
Jim McHaney	\$125
Jim Krainz	\$125
Michael Hartnett	\$100
Alan Bayham	\$125
Eric Lemarbre	\$125
James Starnes	\$125
Karin Anders	\$ 50

Cooperative request for development and consultative services listed above shall be documented by a work order request identifying services requested, estimate of hours required, time period for services and signature of Cooperative Executive Management Team and by the CFO.

Cooperative acknowledges that it has agreed to a list of milestones incorporated in the Cooperative's agreement with CMS. Beam agrees to monitor achievement of these milestones for the period(s) covered by this Agreement. At the end of a milestone reporting period (generally the close of a calendar quarter), and in addition to the hourly rates billed above, Beam shall be entitled to bill and collect \$15.00 per hour from the Cooperative for all hours billed or expended for a milestone due in the reporting period if Beam assisted the Cooperative to achieve that milestone within the timeframe noted for each milestone.

ADMINISTRATIVE SERVICES AGREEMENT
By and between
CGI Technologies and Solutions Inc.
And
Kentucky Health Cooperative, Inc.



ADMINISTRATIVE SERVICES AGREEMENT

By and between
CGI Technologies and Solutions Inc.
And
Kentucky Health Cooperative, Inc.

This Administrative Services Agreement (this "Agreement") is entered into effective as of February 15, 2013 by and between the Kentucky Health Cooperative, Inc., a Kentucky not-for-profit corporation located at 9700 Ormsby Station Road, Louisville, KY 40223 ("KYHC") and CGI Technologies and Solutions Inc., a Delaware corporation having its principal place of business at 11325 Random Hills Road, Fairfax, Virginia 22030 ("CGI").

WHEREAS, KYHC has been organized to operate as a qualified nonprofit health insurance issuer within the meaning of Section 1322(c)(1) of the Affordable Care Act (Pub. L. 111-148) (the "CO-OP Program"), that once licensed, will offer health insurance plans that assist providers to deliver high quality health care to citizens of the Commonwealth of Kentucky; and

WHEREAS, KYHC is a party to the Loan Agreement (the "Loan Agreement") with the United States Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services (CMS), dated June 19, 2012 pursuant to which KYHC is obligated to use funds to form a consumer-focused, member-governed health insurance company (CO-OPs) pursuant to Section 1322 of the Patient Protection and Affordable Care Act (the "Act") and regulations promulgated thereunder (together, the "CO-OP Program"). CGI shall perform Services hereunder in accordance with the CO-OP's obligations under the CO-OP Program, the Loan Agreement, and state law; and

WHEREAS, CGI provides various administrative services in accordance with Applicable Law, Applicable Regulatory Agency, Accreditation Agency and KYHC standards; and

WHEREAS, KYHC and CGI desire to enter into this Agreement whereby CGI will perform certain administrative and management functions (the "Delegated Functions"); and

WHEREAS, nothing herein shall limit KYHC's responsibility or KYHC's ultimate authority with regard to Delegated Functions as required by Applicable Law.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**ARTICLE 1
DEFINED TERMS**

All capitalized terms in this Agreement, unless otherwise defined herein, shall have the following meanings:

"Access" means, with respect to all Delegated Functions performed by CGI for KYHC –

Direct Access: direct, on site Access, during normal business hours, upon 2 Days prior written notice, to the site(s) where the Delegated Function is being performed unless an Applicable Regulatory Agency requires a shorter period.

KYHC - CGI Administrative Services Agreement

Remote Access: real time read-only Access at KYHC's offices to all CGI Systems used to perform Delegated Functions, computer system inquiry capability including the ability to run reports and make inquiries and to pull historical information;

Personnel Access: Direct Access to, and reasonable cooperation from, all CGI staff performing the Delegated Functions; and

Records Access: electronic or paper copies of records relating to Delegated Functions when reasonably requested.

Unless Access is limited to one form of Access (e.g., Personnel Access), KYHC is entitled to all forms of Access. The Parties acknowledge that Access shall not include information related to individuals enrolled through other insurers.

"Accreditation Agency" means any non-governmental accreditation agency generally recognized in the health care industry which monitors, audits, accredits or performs other similar functions with respect to health care organizations and entities providing services to health care organizations, including without limitation the National Committee for Quality Assurance ("NCQA"), the Joint Commission on Accreditation of Health Care Organizations ("JCAHO") and the Utilization Review Accreditation Commission ("URAC").

"Affiliate" of a Party means any other entity that directly or indirectly controls, or is under common control with, or is controlled by, the Party. As used in this definition, "control" means actual or equitable ownership of a majority of the shares (or other securities, partnership interests or means of ownership, as the case may be) of an entity or management of the entity as a result of a management contract.

"Agreement" means this Administrative Services Agreement between KYHC and CGI, including all exhibits, appendices, and attachments hereto and listed in Article 8, as any of these may be amended, supplemented, or modified from time to time.

"Applicable Law" means (i) such federal, state and local laws, rules and administrative regulations and guidance, including manuals, guidelines, policy letters, court decisions, and CMS instructions to KYHC, that are adopted and/or published or sent to KYHC by CMS or any State agency or other federal, state or local governmental body, or agent thereof, with authority over KYHC, CGI, Providers or Payors (the "Applicable Regulatory Agencies"), and communicated in writing by KYHC to CGI, and (ii) applicable Accreditation Agency requirements and policies; and (iii) health insurance exchanges on which KYHC is approved to offer Benefit Plans. Without limiting the generality of the foregoing, "Applicable Law" shall include all federal and state insurance requirements, all federal and state privacy, security and confidentiality requirements, bonding requirements, licensure requirements, financial solvency requirements, prompt pay requirements, claims administration requirements and fraud and abuse requirements. Adherence to these laws, policies, regulations and guidance shall be a material requirement. It is understood by the Parties that the Applicable Laws are subject to change during the term of this Agreement, such that the Parties agree that any substantive change will require the parties to react promptly and in good faith by negotiating appropriate modifications or alterations to this Agreement.

"Benefit Plan" means a Member's health benefits program as described in the Member Materials and underwritten or administered by KYHC.

"Claims Administration" means the process of determining: whether a claim submitted for payment is entitled to be paid, the appropriate payment amount according to the terms of the Participating Provider agreement, and the Non-Participating Provider payment rules, as applicable, and issuing payment in accordance with claim payment requirements, including timeliness, of Applicable Law, tracking and reporting Provider claims, timely redirecting claims for Non-Covered Services, collection and submission of encounter data, timely transmission of notification to Members and such other tasks as described in Exhibit 2.

"Clean Claim" means a request for reimbursement for Covered Services (i) that has no material defect or impropriety (including any lack of any reasonably required substantiating documentation) which materially prevents timely adjudication of the claim; or (ii) such other definition as may be required by Applicable Law.

"Client Group" means an insurer that KYHC or an Affiliate brings to CGI and/or that CGI accepts as a client and enters into an agreement to purchase Services substantially the same (including platform, scope, etc.) as those Services described herein. All volume-based pricing discounts shall include the combined business of all insurers participating in Client Group. The current list of insurers (including companies in the process of seeking licensure as insurers) is listed at Exhibit 11.

"CMS" means the federal Centers for Medicare and Medicaid Services.

"Cold Site" means a backup site that contains infrastructure, all of the server hardware and certain software components necessary for and configured for restoration of the Systems in the event of an emergency or disaster, but does not contain all of the software and data components necessary to do an immediate restore of all business functions. Upon an emergency or disaster the remaining software applications necessary for the restoration of the Systems will be obtained out of escrow and installed at the cold site.

"Confidential Information" means information belonging or relating to one Party the "Disclosing Party") that is non-public, confidential and/or proprietary in nature such as financial information, customer contacts, operating policies and business methods, but does not include information that the recipient (the "Receiving Party") demonstrates (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party or its representatives, (ii) was within Receiving Party's possession prior to its being furnished to Receiving Party or its representatives by the Disclosing Party or its representatives pursuant hereto, but only to the extent that the source of such information was not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Disclosing Party or any other Party with respect to such information; (iii) is or becomes available to the Receiving Party from a source other than the Disclosing Party or any of the Disclosing Party's representatives, but only to the extent that such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Disclosing Party or any other Party with respect to such information; or (iv) is independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information.

"Covered Services" means those Medically Necessary health care services or supplies that a Member is eligible to receive according to the terms of his / her Benefit Plan.

"Day" means, with respect to any action to be taken under this Agreement, a calendar day; provided however, that when the date an action is to be taken falls on a Saturday, Sunday or federal holiday, then the day on which the action must be taken shall be the first business day following such day.

“Delegated Functions” means those administrative claims processing and payment functions relating to services provided to Members, including Member enrollment, responding to Member and Provider phone or other inquiries, creation and distribution of Member materials, Explanation of Benefits, Explanation of Payments and other communications which shall be performed by CGI on behalf of KYHC pursuant to the terms and conditions of this Agreement.

“Deposit Materials” means all CGI-developed or CGI-owned software source code related to application support for Delegated Functions, including administration of Benefit Plans, claims coding, claims processing, document management, claims adjudication and payment of claims for Covered Services, including System documentation, related compiler command files, build scripts, scripts relating to the operation and maintenance of such application, application programming interface(s), graphical user interface(s), object libraries, instructions on building the object code of the software, all documentation relating to the foregoing, and a list of all third party applications and tools required in the use and compilation of the software.

“Dispute” shall have the meaning given to such term in Article 7 the Agreement.

“Effective Date” with respect to each Delegated Function, has the meaning given to such term in Section 2.2.

“Escrow Agent” means the agent selected by CGI to hold the Deposit Materials.

“Hot Site” means a backup site for the Systems that is fully prepared to resume business operations immediately in the event of a disaster or emergency, including all the needed infrastructure, space and hardware, software and equipment necessary to immediately resume operation of the Systems.

“Joint Operations Committee” or “JOC” means the committee established between the Parties and Client Group to discuss issues of shared concern among the Client Group and ways to collaborate for increased performance and efficiency.

“Medically Necessary” or “Medical Necessity” has the meaning stated under the Member’s Benefit Plan.

“Member” means any individual who is entitled to receive Covered Services as a result of an arrangement between KYHC and the Member or a person or entity on the Member’s behalf and for whom KYHC has assigned CGI to perform the Delegated Functions.

“Member Month” means any calendar month or portion of a calendar month during which a Member is entitled to receive Covered Services. For example, if a person becomes a Member on January 15 and remains a Member through June 3, such person would be enrolled for six (6) Member Months.

“Non-Covered Services” means those health care services and supplies which are not covered under the Member’s certificate of coverage and are, therefore, the financial responsibility of the patient, including those services provided to a patient who is determined ineligible for coverage at the time services were rendered (i.e., a retroactively disenrolled patient).

“Party” means either KYHC or CGI.

“Parties” means KYHC and CGI.

"Participating Provider" means a provider who has a participating provider agreement with KYHC or has a contract with a rental network with which KYHC has contracted.

"Non-Participating Provider" means a Provider who does not, directly or indirectly, have a Participating Provider agreement with KYHC.

"Payor" means an insurer, health maintenance organization, self-insured plan or other entity that has a contract or other arrangement with KYHC for the provision of Covered Services to its insureds.

"Person" means a natural person, partnership (general or limited), corporation, Limited Liability Company, trust, estate, association or other entity.

"Prepaid Rate" means the monthly amount paid to CGI for the Delegated Functions, as set forth in Exhibit 1.

"Protected Health Information" means individually identifiable health information that is transmitted by electronic media, maintained in electronic media or transmitted or maintained in any other form or medium except individually identifiable health information and educational records described at 20 USC § 1232g(a)(4)(B)(iv) and employment records held by a covered entity in its role as an employer.

"Provider" means a person or organization who or which is certified, licensed or otherwise legally permitted to provide health care services or supplies.

"Quality Improvement" or "QI" means the continuous quality improvement program to monitor the quality and appropriateness of care and services provided to Members or the quality of the Delegated Functions rendered and their compliance with the terms of this Agreement..

"Risk Management" means that part of the Quality Improvement process involving the reduction and/or prevention of losses and injuries to Members, for identification, analysis, and evaluation of areas of potential loss, and for review of specific incidents (both reported and unreported).

"Systems" means the computer, management and administrative systems that CGI is using and will use to provide the Delegated Functions under the Agreement including, but not limited to Healthation software.

"Term" means the Initial Term and Renewal Terms, if any, as defined in Section 2.1.

ARTICLE 2

TERM AND TERMINATION

2.1. Duration of Agreement and Renewal. The Initial Term of this Agreement shall commence on the date set forth in the Preamble and extend until December 31, 2016 (the "Initial Term"). This Agreement shall thereafter be automatically renewed for consecutive one (1) year terms (each a "Renewal Term") if permitted by Applicable Law unless terminated in accordance with this Article 2.

2.2. Effective Date for Delegated Functions. The Effective Date for each Delegated Function to be performed hereunder shall be determined separately and upon written notification by KYHC to CGI. With respect to each Delegated Function, as outlined in the table below, the Effective Date shall be no earlier than the date on which CGI shall assume initial responsibility for performing the function and, as applicable: i) the Day that KYHC has completed its review, including all testing and determined that CGI has met the mutually agreed upon capability criteria in accordance with Section 3.4.2; and ii) the date an

KYHC – CGI Administrative Services Agreement

Applicable Regulatory Agency has provided any necessary approval for CGI to assume the Delegated Function. The Parties acknowledge that the Effective Date, with respect to each Delegated Function, must occur on or before January 1, 2014, or as listed in Table 1 below.

Delegated Function	Function Start Date / Readiness Review Complete Date
Member Provider Support Services (pre-1/1/2014)	10/1/2013 9/1/2013
Enrollment	10/1/2013 9/1/2013
Printing and Fulfillment (New Member Kit Materials)	10/1/2013 9/15/2013
Printing and Fulfillment (Member Communication Materials)	1/1/2014 12/1/2013
Premium Billing On Exchange	10/1/2013 9/15/2013
Premium Billing Off Exchange	12/1/2013 11/15/2013
Member/Provider Support Services (Post 1/1/2014)	1/1/2014 12/1/2013
Claims Processing	1/1/2014 12/1/2013

Notwithstanding any Effective Date above or the effective date in the initial paragraph of this Agreement, this Agreement shall not become effective unless and until a second CO-OP joins the Client Group not later than ten (10) business Days following the date this Agreement is fully executed by KYHC and CGI.

2.3. Termination on Written Notice. Any Party may terminate this Agreement, in its entirety or with respect to one or more Delegated Functions, as of the end of the Initial Term or any Renewal Term by providing written notice of termination to the other Party no later than one hundred and eighty (180) Days prior to the end of such Initial Term or Renewal Term.

2.4. Termination for Cause. KYHC or CGI may terminate this Agreement, with prior written notice to the other upon one or more of the following, subject to the notice periods set forth below:

2.4.1. Effective immediately if the other Party files a petition in or for bankruptcy, reorganization or an arrangement with creditors, makes a general assignment for the benefit of creditors, is adjudged bankrupt, is unable to pay debts as they become due, has a trustee, receiver or other custodian appointed on its behalf, or has any other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding commenced against it.

2.4.2. Effective as of the date that termination of this Agreement is required by an Applicable Regulatory Agency pursuant to Applicable Law including, but not limited to, exclusion of a Party from participation in federal programs;

- 2.4.3. Effective as of the date of the other Party's loss of a license necessary to perform the obligations assumed under this Agreement, including CGI's loss of its license to perform one or more Delegated Functions;
- 2.4.4. Effective upon thirty (30) Days written notice if KYHC or CGI commits a material fraud with respect to its duties hereunder; or
- 2.4.5. Effective upon thirty (30) Days written notice for failure to cure a material breach identified by the non-breaching Party within thirty (30) Days of such identification.
- 2.5. Wind-Down. Upon termination, expiration, or non-renewal of this Agreement pursuant to this Article 2, or revocation of delegation of a Delegated Function pursuant to Article 3 or for any other reason, the Parties shall each work in good faith to cooperate and effect a smooth and orderly transition including, without limitation, the following, as determined by KYHC, in KYHC's sole discretion: (1) CGI shall perform one or more Delegated Functions for a period of up to six (6) months after the effective date of termination as requested by KYHC; and (2) KYHC may perform such Delegated Function or re-delegate such Delegated Function to a third party. Notwithstanding the foregoing, CGI shall not be required to provide services beyond the effective date of termination in the event that CGI terminates the Agreement for cause in accordance with Section 2.3. Upon completion of any wind down services, CGI shall return all KYHC documents and data to KYHC and all Access shall terminate provided, however, that CGI will retain an archive of the Member data for a period of ninety (90) days or such longer period as the parties may agree in a wind-down plan.
- 2.5.1. CGI shall comply in good faith with any information requirements and exchanges reasonably requested by KYHC or any third party engaged by KYHC, in formats reasonably required by KYHC or the third party engaged, as necessary to orderly transfer the Delegated Functions, including complying with wind-down protocols reasonably established by KYHC or any third party engaged by KYHC. If some Member or claims records are retained by CGI, CGI shall: i) store said records in accordance with Section 5.1, and ii) provide KYHC and its engaged third parties, auditors, authorized agents, Payors and Applicable Regulatory Agencies with jurisdiction over KYHC with timely Access to said records. During any wind down, CGI shall provide KYHC and any third party engaged by KYHC reasonable Direct Access to CGI facilities, staff, Systems and other resources related to this Agreement or the performance hereunder for purposes of effectuating a smooth and orderly transition.
- 2.5.2. If the Agreement is terminated due to breach by CGI prior to successful completion of the implementation, or CGI's failure to timely implement the Delegated Functions, CGI shall only be paid for services properly performed through the point of termination, plus expenses to transition pursuant to this Agreement. In the event of any termination of the Agreement for any reason *other than* breach by CGI prior to successful completion of the implementation, or CGI's failure to timely implement the Delegated Functions, any deferred implementation fees pursuant to Exhibit 1 shall immediately become due and KYHC will pay its obligation within thirty (30) days of the effective date of termination. All services provided by CGI after the effective date of termination shall be paid in accordance with Sections 2.5.3. CGI shall provide all services after the effective date of termination in the same manner as services were provided prior to the termination, unless otherwise specified by KYHC.
- 2.5.3. Fees for Wind Down Services. CGI agrees that it shall not be paid any amount for performing the Delegated Functions during a wind down period in addition to its monthly fees at the rates in effect prior to the non-renewal or termination, for a period of six months. Non-prepaid

services will be paid in accordance with the rates outlined in Exhibit 1 for a period of six months. The Parties will negotiate in good faith for rates for Delegated Functions services beyond the six-month wind down period. Any services CGI provides that are outside the scope of the Delegated Functions shall be paid at CGI's then-current rates.

2.6. Survival. Definition of Access, Sections 2.5, 2.6, 3.1, 3.3, 3.2.6, 3.4.1 and 3.6 (but only to the extent necessary to cover claims arising during the term of this Agreement, any renewals thereof and any wind-down period), 3.7, 3.8, 3.9, 3.10, 3.15 through 3.19, 3.21, 4.4, 4.5, 5.1, 5.3, 6.3, 6.6, 6.7, 6.11 and Article 7 shall survive the termination of this Agreement for any reason.

ARTICLE 3

GENERAL PROVISIONS APPLICABLE TO ALL DELEGATED FUNCTIONS

3.1. Independent Contractors. KYHC and CGI are independent contractors and separate legal entities. The relationship between KYHC and CGI is reflected in this Agreement, and neither KYHC nor CGI or the employees, servants, agents or representatives of either of them, shall be considered the employee, servant, agent or representative of the other. No provision of this Agreement is intended to create or shall be construed to create any agency, partnership, joint venture or employer-employee relationship between or among KYHC and CGI, or any of their respective employees, servants, agents or representatives or between CGI and any Payor.

3.2. CGI Qualifications & Representations and Warranties.

3.2.1. Legal, Regulatory and Accreditation Compliance. CGI represents and warrants that all Delegated Functions performed hereunder will be in accordance with Applicable Law and Accreditation Agency standards, including without limitation those applicable to KYHC that are provided to CGI by KYHC, subject to Section 6.14.

3.2.2. Licensure. CGI represents and warrants to KYHC that CGI shall at all times during the term of this Agreement be appropriately licensed, bonded and certified, as applicable, and operating in material compliance with Applicable Law in each regional or product market. As required by Applicable Law or as consistent with Accreditation Agency standards, CGI shall obtain, and maintain in good standing all required licenses, bonds and certifications. CGI shall provide KYHC with a copy of its licenses, bonds and/or certifications prior to the Effective Date of any Delegated Function and upon the anniversary date of such Delegated Function thereafter. CGI shall notify KYHC within five (5) Days if any required license, certificate, bond or any other similar requirement is, voluntarily or involuntarily, found to be deficient, is in jeopardy, or is withdrawn.

3.2.3. CGI shall notify KYHC within five (5) Days of any action taken or sanction issued against CGI, and/or any of its employees or contractors, or by any Applicable Regulatory Agency related to its services performed including under this Agreement.

3.2.4. CGI shall submit the following financial information to KYHC upon request as proof of CGI's continued financial solvency:

3.2.4.1. Recent audited financial statements for CGI's parent company (balance sheet, statement of operations, statement of cash flows, and notes to the financial statements).

3.2.4.2. Unaudited financial statements for CGI with an attestation by the CFO on a basis no less frequently than annually. To the extent that CGI is required to provide financial statements for Kentucky TPA licensure or regulatory compliance, KYHC would request copies of said

statements. All such financial statements shall be treated as Confidential Information in accordance with this Agreement.

3.2.5. CGI represents and warrants that the CGI personnel who perform the services under this Agreement shall have appropriate training, licensure, and or certification to perform each task assigned to them. CGI shall provide KYHC with a staffing plan outlining the key staff roles that will have primary interaction with KYHC staff. KYHC shall be notified immediately of any staffing changes for key staff. KYHC reserves the right to request a change in designated CGI personnel as KYHC deems necessary, in KYHC's determination, which may negatively impact successful implementation of all facets of this Agreement. For continuity of service and to guard against loss in productivity, CGI will make a good faith effort to maintain consistent staff performing the delegated functions for KYHC. The key personnel at a minimum are defined as follows:

- Project/Implementation Manager (on site at KYHC through implementation)
- Compliance Officer
- Integration Lead, during implementation

3.2.6. CGI represents, warrants and covenants that (i) it has a valid, legal and non-exclusive license to use the Systems and that such Systems are sufficient to administer all aspects of the Delegated Functions; (ii) it is authorized to place the source codes into escrow pursuant to Section 3.21; (iii) it will retain complete authority and/or rights to use the Systems for the Term of this Agreement and any wind-down or transition period; (iv) it will provide or arrange for maintenance for the Systems so that such Systems remain operational during the term of this Agreement and any wind-down or transition period; (v) there are no other third party entities who have the right to claim control or ownership over the Systems; and (vi) it shall indemnify, defend, at its own expense, and hold KYHC harmless for any and all claims or actions of infringement of copyrights, patents, trademarks or other intellectual property rights that arise or are enforceable under the laws of the United States of America and CGI will pay all settlements, costs, damages and damages, or expenses (including reasonable attorney fees) finally awarded relating to CGI's or KYHC's use of the Systems. CGI agrees to provide KYHC with prompt notice of any claim specified in this section that is made against CGI, KYHC, or the Systems. If such a proceeding claiming infringement in accordance with (vi) above is brought or appears to CGI to be likely to be brought, CGI shall at CGI's expense and with prior written notice to KYHC either obtain the right for KYHC to continue to access the Systems or replace or modify the Systems to resolve such proceeding. If neither of these alternatives is reasonably available to CGI, CGI may be required to terminate KYHC's access, in which case CGI shall cooperate with KYHC's efforts to transition to another vendor and shall pay KYHC's reasonable costs to transition to another vendor. This section states CGI's entire obligation to KYHC and KYHC's exclusive remedy with respect to any claim of infringement. CGI is not responsible for any infringement claim or claimed breaches of the foregoing warranties caused by: (i) modifications made to the Systems by anyone other than CGI and its subcontractors working at CGI's direction; (ii) the combination, operation or use of any System component with other components or items CGI did not supply; (iii) KYHC's misuse of the Systems; or (iv) CGI's adherence to KYHC's specifications or instructions.

3.3. The foregoing warranties are in lieu of all other warranties, express or implied, including any implied warranties of merchantability, fitness for a particular purpose, integration, performance and accuracy, and any implied warranties arising from statute, course of dealing, course of performance, or usage of trade. CGI does not warrant that the services or access to the CGI system will be uninterrupted or that the results of the services will be error-free. CGI does not guarantee the accuracy of any advice,

report, data, or other product delivered to KYHC that is produced with or from data or software provided by KYHC.

3.4. Representations and Warranties of KYHC. KYHC represents and warrants to CGI that KYHC is, and at all times during the term of this Agreement shall operate, in material compliance with Applicable Law.

3.4.1 KYHC shall use all commercially reasonable efforts to ensure that Members' Notices of Privacy Practices inform them that an administrative services provider may handle their claims.

3.4.2 KYHC is responsible for the adequacy and accuracy of all data and information that KYHC furnishes to CGI and the results obtained therefrom. KYHC warrants that any KYHC-provided specifications or requirements around which services are configured will be in compliance with Applicable Laws.

3.4.3 KYHC warrants that it (i) will not disclose, download, decompile, or re-engineer any portion of the Systems (ii) will maintain the security of any user or identification codes and associated passwords assigned to KYHC by CGI to enable KYHC and its engaged third parties, auditors and authorized agents to Access the Systems. KYHC agrees that neither it nor its employees or agents will attempt to gain or allow access to any data, files or programs of CGI to which they are not entitled under the Agreement, and that if such access is obtained, KYHC will immediately report such access to CGI, cease all unauthorized access, return all CGI, third party, or CGI customer information obtained as a result of such unauthorized access, and safeguard any CGI, third party, or CGI customer information obtained as a result of unauthorized access to CGI Confidential Information. KYHC will be responsible for the actions of its employees, agents, and permitted contractors in connection with their access to and use or misuse of the Systems.

3.4.4 KYHC warrants that (i) any information, data, and any other materials placed by KYHC and/or Providers, Payors or Members and/or by CGI on the KYHC's behalf onto the Systems ("Content") does not and will not contain unlawful, discriminatory, libelous, harmful, obscene or otherwise objectionable material of any kind and does not and will not violate any right of privacy or publicity, (ii) the Content does not infringe any copyright, patent, trademark or other intellectual property right that arises or is enforceable under the laws of the United States of America, (iii) the Content transmitted during the term of this Agreement and the use of the Systems pursuant to the Agreement will not encourage conduct that could constitute a criminal offense, give rise to civil liability or otherwise violate any Applicable Laws, and (iv) KYHC shall not attempt to gain unauthorized access to other computer systems, any application/service for which KYHC has not paid fees to use, or data and information belonging to others that is also hosted on the Systems. KYHC warrants that it will use all commercially reasonable efforts, including industry-standard processes to avoid propagating computer worms, disabling codes or viruses, or use the Systems to make unauthorized entry into any other computer or machine.

3.5. KYHC's Standards for and Approval of Delegated Functions. KYHC and CGI agree that:

3.5.1 KYHC shall establish terms and standards for the Delegated Functions ("KYHC Standards") which, along with KYHC's interpretation of Applicable Law, Accreditation Agency standards and Payor standards, shall be the standards required for the performance of each Delegated Function described in this Agreement. CGI's performance of any Delegated Function shall not adversely affect the status of KYHC with any Accreditation Agency or Applicable Regulatory Agency. KYHC agrees to indemnify and hold harmless CGI and CGI's Affiliates, and their

respective shareholders, directors, officers, employees, agents, and assigns (the "CGI Indemnified") from and against any claims, liability, obligation, costs, or expense, including reasonable attorneys' fees, filed against or incurred by any of the CGI Indemnifieds arising out of CGI's following KYHC Standards if and only if all of the following apply:

3.5.1.1 The KYHC Standard is a specific and unique standard developed by KYHC; and

3.5.1.2 CGI has raised concerns about the legality of KYHC Standard or its compliance with Applicable Law in writing in advance of the implementation; and

3.5.1.3 Despite receiving the written concern, KYHC has, in writing, required CGI to comply with the KYHC Standard.

3.5.2 CGI shall have written policies and procedures for all KYHC Delegated Functions. In accordance with the agreed upon implementation project plan, KYHC shall conduct an initial review of CGI's operations, policies and procedures regarding the Delegated Functions and its readiness to assume each Delegated Function in accordance with the terms of this Agreement. Within thirty (30) Days after the review, KYHC shall determine whether to approve CGI's policies and procedures as satisfying the requirements of Section 3.4.1 and issue a written decision. Notwithstanding the foregoing sentence, KYHC shall review such policies as quickly as possible. At all times this Agreement in effect, CGI shall provide KYHC with Records Access to its policies. If such policies are determined problematic for the efficient and secure operation or are not in compliance with Applicable Law with regard to the Delegated Functions, CGI will implement updated policies in a timely manner to remedy such issues.

3.5.3 As a condition of KYHC delegating one or more Delegated Functions, CGI shall provide a certification by CGI's manager in charge of the KYHC account, as provided in §3.5.2, of the readiness of CGI, including its Systems, to meet the requirements of the Applicable Law with respect to each Delegated Function.

3.5.4 Once reviewed and approved by KYHC, CGI shall maintain each Delegated Function as so approved, unless CGI provides KYHC with prior notice of, and receives approval for, any change to its approved process.

3.5.5 KYHC shall provide CGI with thirty (30) Days prior written notice of any changes to KYHC's delegation standards or other administrative requirements under this Agreement. If the Parties cannot agree on the proposed change within thirty (30) Days, the matter shall be submitted to dispute resolution in accordance with Article 7.

3.6. The Relationship between CGI and KYHC.

3.6.1. CGI shall appoint a manager whose responsibility it shall be to serve as the central contact point between CGI and KYHC. As necessary to meet the requirements of this Agreement, the manager shall devote his or her full time efforts to overseeing the Delegated Functions and serving as the liaison between the Parties. KYHC shall have the ability to review the credentials of the manager and approve the manager, including having input on CGI's periodic evaluations of the manager's performance. KYHC's approval shall not be unreasonably withheld.

3.6.2. CGI shall provide, at its own expense, a representative who will be dedicated to the KYHC implementation, and based at KYHC facilities, in order to provide real-time project

management updates to the KYHC leadership during the implementation phase through either (i) the commencement of KYHC's commercial business process operations on 1/1/2014, or (ii) the Effective Date of all Delegated Functions, whichever comes first. The Manager referred to in Section 3.2.5 and the representative may be the same person, but shall have the necessary authority within CGI to perform under this Agreement. KYHC shall provide office space and equipment (tools, supplies, telephone lines and service, office support, etc.) for the use by such representative at no cost to CGI. Travel expenses related to the on-site services of such representative would be the responsibility of CGI, while other travel expenses for necessary CGI personnel assisting with the successful implementation process for KYHC will be reimbursed by KYHC for expenses (i) approved in advance by KYHC's CEO or CFO, and (ii) which are subject to reimbursement under the terms and provisions of KYHC's travel policies. Within thirty (30) days of contract signing, CGI shall conduct a Kickoff meeting and provide a preliminary implementation plan for KYHC review. Within 90 days, CGI will complete the final detailed implementation plan for KYHC approval which is sufficient to ensure all tasks are completed in accordance with all of the requirements in this Agreement pertaining to the Delegated Functions. The final implementation plan will be incorporated as an Exhibit to this Agreement.

3.6.3. Delegated Functions that require access to Protected Health Information shall be performed by staff members located in the United States.

3.6.4. CGI shall notify KYHC if any lead development staff or individuals considered mission critical to this Agreement, whether employed or independent contractors, are terminated or discontinue work for any reason, and CGI shall inform KYHC of its arrangements to maintain the required performance standards for the Delegated Functions.

3.6.5. CGI shall provide all Delegated Functions acting as KYHC's delegate for respective Delegated Functions, including identifying itself in the manner indicated by KYHC when answering the telephone and corresponding or communicating with Members, Providers and any others on behalf of KYHC.

3.6.6. The Parties acknowledge that KYHC retains ultimate responsibility for the performance of the Delegated Functions and that KYHC may change the scope of the Delegated Functions, impose additional or different performance standards, and review CGI's performance from time to time during the term of this Agreement. KYHC and CGI shall cooperate to agree on the impact and implement any such changes as soon as reasonably possible. If, as a direct result of KYHC's changes to the scope of one or more Delegated Functions, CGI anticipates a net cost increase/decrease for the Delegated Functions performed under this Agreement, CGI shall promptly notify KYHC and KYHC and CGI shall negotiate a payment rate adjustment specific to the scope change according to Section 6.14.

3.6.7. The Parties shall cooperate in good faith to establish and comply with a process to determine, validate, and reconcile the Members that are subject to this Agreement in accordance with Exhibit 1.

3.7. CGI Insurance.

3.7.1. CGI, at its sole cost and expense, shall maintain:

3.7.1.1. comprehensive general liability policies including coverage against any claim or claims for damages arising by reason of personal injury or death occasioned directly or indirectly by CGI or its agents, servants or employees in connection with the

performance of any Delegated Function or CGI's responsibilities hereunder, for CGI, its agents, servants and employees consistent with industry standards in the amount of at least five million (\$5,000,000) dollars per occurrence and ten million (\$10,000,000) dollars annual aggregate; and

3.7.1.2. professional liability policies including coverage for errors and omissions arising from professional services rendered in an amount of at least two million (\$2,000,000) per claim and three million (\$3,000,000) annual aggregate.

3.7.2. If such policies are "claims made" policies as distinguished from occurrence policies, prior to termination of such insurance, CGI shall procure and maintain continuing "tail coverage" or similar coverage in the same coverage amounts. CGI shall also maintain (i) workers' compensation insurance, and (ii) any other insurance coverage required to meet minimum requirements of Applicable Law.

3.7.3. CGI shall provide KYHC with evidence of coverage within thirty (30) days following the execution of this Agreement and then annually thereafter upon policy renewal, and shall give KYHC immediate notice of any material changes in insurance coverage, including any notice of cancellation, reduction or material modification.

3.8. Indemnification.

3.8.1. CGI. CGI agrees to indemnify and hold harmless KYHC and KYHC's Affiliates, and their respective shareholders, directors, officers, employees, agents, and assigns (the "KYHC Indemnifieds") from and against any claim, liability, obligation, costs, or expense, including reasonable attorneys' fees, filed against or incurred by any of the KYHC Indemnifieds arising out of any grossly negligent act or omission or willful misconduct by CGI or any CGI Affiliate or their respective employees, directors, officers, agents, or contractors in connection with their responsibilities under this Agreement. CGI and its Affiliates agree to supply KYHC with information, including documents, contracts or other materials as KYHC reasonably deems necessary within thirty (30) Days of the request subject to more stringent timeline(s) set by the respective Applicable Regulatory Agency, to respond to inquiries by any Applicable Regulatory Agency, or court of competent jurisdiction concerning the matters under this Agreement and all attachments hereto.

3.8.2. KYHC. KYHC agrees to indemnify and hold harmless CGI and CGI's Affiliates, and their respective shareholders, directors, officers, employees, agents, and assigns (the "CGI Indemnifieds") from and against any claim, liability, obligation, costs, or expense, including reasonable attorneys' fees, filed against or incurred by any of the CGI Indemnifieds arising out of any (i) grossly negligent act or omission or willful misconduct by KYHC or any KYHC Affiliate or their respective employees, directors, officers, agents, or contractors in connection with their responsibilities under this Agreement or (ii) breach of Sections 3.4.3 or 3.4.4. KYHC and its Affiliates agree to supply CGI with information, including documents, contracts or other materials as CGI reasonably deems necessary within thirty (30) Days of the request subject to more stringent timeline(s) set by the respective Applicable Regulatory Agency, to respond to inquiries by any Applicable Regulatory Agency, or court of competent jurisdiction concerning the matters under this Agreement and all attachments hereto.

3.8.3. Indemnification Procedures. A Party's indemnification obligations specified in this Agreement are conditioned upon the indemnified Party timely notifying the indemnifying Party in

writing of the proceeding, providing the indemnifying Party a copy of all notices received by the indemnified Party with respect to the proceeding, cooperating with the indemnifying Party in defending or settling the proceeding, and allowing the indemnifying Party to control the defense and settlement of the proceeding, including the selection of attorneys. The indemnified Party may observe the proceeding and confer with the indemnifying Party at its own expense.

3.9. Liability.

3.9.1. Each Party to this Agreement may seek damages resulting from the other Party's breach of this Agreement.

3.9.2. Each Party explicitly waives any right to consequential, special, incidental, indirect, exemplary, or punitive damages (including, without limitation, lost profits, loss of business, loss of data, loss of use, lost savings) under this Agreement, even if a Party has been advised of the possibility of such damages.

3.9.3. If KYHC should become entitled to claim damages from CGI for any reason (including without limitation, for breach of contract, breach of warranty, negligence or other tort claim), CGI shall be liable to KYHC for an amount equal to the damages sustained by KYHC; however, in no event shall CGI's total liability in the aggregate for all claims exceed Two Million Dollars (\$2,000,000). The foregoing limitations do not apply to the payment of settlements, costs, damages, and legal fees with respect to any indemnification provided hereunder, or for unauthorized disclosure of Confidential Information due to a breach of Section 3.16. Notwithstanding the foregoing, if there has been a breach of CGI's obligation with respect to Exhibit 5, CGI's total liability to KYHC shall not exceed one hundred twenty-five percent (125%) of the amounts paid by KYHC to CGI under the Agreement. In addition, in the event KYHC in good faith makes any formal demand(s) of, or files any claim(s) against, CGI while this Agreement is in effect for an amount equal to or greater than 50% of the total liability limitation indicated above, then KYHC may, at its option, elect to transition the Delegated Functions to another vendor, and upon completion of such transition terminate this Agreement on notice of such to CGI, notwithstanding any other term or provision herein.

3.9.4. In no event will CGI be liable for: (i) any damages arising out of or related to the failure of KYHC or its affiliates or suppliers to perform their responsibilities; or (ii) any claims or demands of third parties (other than those third party claims for which CGI has indemnified KYHC).

3.9.5. The limitations of liability set forth in this Section 3.9 will survive and apply notwithstanding the failure of any limited or exclusive remedy for breach of warranty set forth in this Agreement. The parties agree that the foregoing limitations will not be read so as to limit any liability to an extent that would not be permitted under Applicable Law.

3.10. Notification of Applicable Law. Each Party shall use reasonable efforts to notify the other Party if, in its opinion, any act or omission on the part of the other Party in administering the Delegated Functions or providing the services violates a provision of Applicable Law.

3.11. Audits and Access. CGI acknowledges and agrees that periodic audits are necessary to monitor the quality and effectiveness of CGI's programs and services to ensure that CGI is able to meet its continuing obligations hereunder. Problems identified by KYHC shall be resolved in accordance with Section 3.13.1.

3.11.1. Once any Delegated Function has been delegated, KYHC, the Payor(s), and all Applicable Regulatory Agencies shall be entitled to audit CGI (including, without limitation, using onsite visits

and document requests) in order to verify performance of CGI's duties under this Agreement. KYHC shall use reasonable efforts to cause Payors to coordinate / combine audits and conduct audits in such a way as to minimize interference with CGI operations. Periodically, KYHC will review documentation pertinent to this Agreement, including without limitation, CGI's applicable policies and procedures (e.g., Claims Administration, Medical Management, Quality Improvement, data collection, clinical criteria, medical records) and other documents, records and information necessary to determine the adequacy of CGI's performance pursuant to this Agreement. KYHC may engage a third party to assist it in conducting the audit, provided that: (a) the third party agrees in writing to maintain Confidential Information, and (b) KYHC retains final authority with respect to such audits. If KYHC discovers deficiencies during the audit, it shall issue a corrective action request within thirty (30) Days of completing the audit, and provide guidance to CGI in connection with CGI's responsive corrective action plan. KYHC shall be permitted to re-audit CGI quarterly until the corrective action plan has been implemented. CGI shall provide KYHC, or any Applicable Regulatory Agencies with jurisdiction over KYHC or CGI, immediately upon request with copies of financial reports of CGI's parent company. If CGI provides documents to an Applicable Regulatory Agency, CGI shall contemporaneously provide copies of such documents to KYHC. CGI agrees to provide the right to audit CGI's records with respect to its performance of this Agreement to the Comptroller General and the U.S. Department of Health and Human Services or its designees for ten (10) years or for periods in excess of ten (10) years as necessary to complete an audit, provided, however, CGI has been notified prior to the end of the ten (10) year period of the need for such continued Access. Provided that CGI has complied with its obligations under Section 2.5, the foregoing shall not be interpreted to require CGI to retain KYHC documents and data or any Member data beyond the retention period specified in Section 2.5.

3.11.2. At all times that CGI is performing a Delegated Function, KYHC, all of KYHC's designees, all Payors and all Applicable Regulatory Agencies shall be permitted Direct and Records Access to CGI's operations, facilities, records, Systems, and staff performing the Delegated Function. KYHC shall provide CGI with advance notice of any on site visit unless prohibited by Applicable Law.

3.11.3. Subject to Section 6.14, the Parties shall comply with each others' reasonable recommendations regarding the performance of Delegated Functions and associated time frames to implement any recommendations arising from such audits, including corrective actions, as provided in Section 3.11. CGI shall cooperate with KYHC, Payors, and third party auditors.

3.11.4. Subject to Applicable Laws, CGI shall provide KYHC and any third party engaged by KYHC with Records Access to claims payment records, credentialing files, medical management and medical records, and any other documents pertaining to Members. CGI shall provide Direct and Records Access to Payors, Accreditation Agencies and all Applicable Regulatory Agencies during the term of this Agreement and for all periods afterwards as required by Applicable Law. The obligations of this Section shall survive termination of this Agreement for any reason whatsoever for so long as CGI is required to retain records hereunder.

3.11.5. Subject to Applicable Law and notwithstanding any other provision in this Agreement, the Parties will permit all Access contemplated by this Agreement for purposes of effectuating smooth and orderly transitions and wind-down.

3.11.6. Annually during the term of this Agreement, CGI will provide KYHC with an independent service auditor's report compliant with SSAE No. 16, describing whether Healthation's description of its System controls used by CGI to prevent, detect, and correct errors or omissions in the information reported to KYHC are fairly presented and whether the controls over that system were suitably designed. This service auditor's report shall be at no expense to KYHC.

3.11.7. Where applicable for the purpose of this section, KYHC's third party auditor must provide KYHC's written authorization to act as its external auditor and will then be deemed to be KYHC's representative. No proposed auditor will be a competitor of CGI. Any third party auditor will execute a non-disclosure agreement reasonably acceptable to CGI. All audit reports contemplated by this section and their content will be deemed Confidential Information and will be subject to the confidentiality provisions contained in this Agreement.

3.12. Compensation. KYHC shall compensate CGI in accordance with the provisions in Exhibit 1. Compensation for each Delegated Function will begin upon the Effective Date for each pursuant to Section 2.2.

3.13. Remedies. This Section describes KYHC remedies if CGI's performance of one or more Delegated Functions, either in its entirety or in one or more regional or product markets, fails to meet the standards in Section 3.4.1.

3.13.1 Corrective Action Plan Procedure. If KYHC reasonably determines that CGI is not performing a Delegated Function in accordance with Section 3.4.1 or any other provision of this Agreement, the following procedures shall apply:

3.13.2 KYHC shall issue a corrective action request ("CAR") to CGI;

3.13.3 Upon receipt of such CAR, CGI must: (a) promptly respond to KYHC in writing disputing the determination; or (b) if CGI does not dispute the determination, then (i) if reasonable and possible, take immediate action if such is indicated in the CAR, and (ii) submit to KYHC a corrective action plan ("CAP") within thirty (30) Days of receipt of the CAR (unless otherwise specified in the CAR) that includes specific time frames for achieving compliance;

3.13.4 CGI shall immediately implement the CAP, provided that KYHC may reject (or amend) a CAP if KYHC reasonably determines that such CAP is inadequate. If KYHC rejects a CAP, KYHC and CGI shall work together to develop a mutually agreeable CAP. KYHC may audit CGI according to the Audit and Direct Access provisions of this Agreement to determine CGI's compliance with the CAP;

3.13.5 If the Parties cannot agree on a CAP or in the event of repeated noncompliance with any material provisions of a CAP or noncompliance in more than one regional or product market, then KYHC may, in addition to any other remedy provided hereunder, revoke delegation of one or more Delegated Functions that are the subject of the CAR, identify a third party to perform such Delegated Function, or assume responsibility for performing the Delegated Function subject to the approval of any Applicable Regulatory Agency. If any such third party is engaged to perform one or more Delegated Functions, then CGI shall reimburse KYHC for the difference between (i) the compensation agreed upon between KYHC and CGI for the applicable Delegated Function, and (ii) the compensation paid to the third party and cost incurred by KYHC.

3.13.6 If CGI fails to comply with a CAP or notifies KYHC that it has determined that it is unable to comply with a CAP, then KYHC, in its sole discretion may take one or more of the following actions:

(a) amend the time to comply with a CAP; or

- (b) increase the frequency of review and audits; or,
- (c) provide CGI with KYHC's resources to perform; or
- (d) any combination of the above; or
- (e) revoke any or all Delegated Functions immediately upon written notice to CGI.

During any CAP process, KYHC may reduce payments to CGI for the Delegated Functions that are the subject of the CAP, in accordance with the Service Level credits outlined in Exhibit 1.

- 3.13.7 If a Delegated Function is revoked in accordance with this Section 3.13 and KYHC determines, in KYHC's sole discretion, that one or more Delegated Functions must be transitioned, the Parties shall each work in good faith to cooperate and effect a smooth and orderly transition including, without limitation, the following as determined by KYHC in KYHC's sole discretion: (1) CGI shall perform such Delegated Functions for the period of time requested by KYHC; and (2) KYHC may resume performing such Delegated Function or re-delegate such Delegated Function to a third party.
- 3.13.8 CGI shall comply, at KYHC's expense, in good faith, with any information requirements and exchanges reasonably requested by KYHC or any third party engaged by KYHC, in formats reasonably required by KYHC or the third party, as necessary for the orderly transfer of Delegated Functions, including complying with the transition protocols reasonably established by KYHC or the third party. If some Member or claims records are retained by CGI, CGI shall: i) store said records in accordance with Section 5.1, and ii) provide KYHC and its engaged third parties, auditors, authorized agents, Payors, and Applicable Regulatory Agencies with jurisdiction over KYHC with timely Records Access to said records. During any transition period, CGI shall provide KYHC and any third party engaged by KYHC reasonable Records, Direct or Personnel Access to CGI facilities, records, staff, Systems, and other resources related to this Agreement or the performance hereunder for purposes of effectuating an orderly and smooth transition.
- 3.13.9 Immediate Revocation of Delegated Functions. KYHC may revoke delegation of a Delegated Function immediately upon notice if:
- 3.13.9.1 CGI, in performing the Delegated Function, threatens the health or safety of a Member, or fails to comply with Applicable Law, or may subject KYHC to regulatory or legal actions from any Applicable Regulatory Agency, including CMS, or an Accreditation Agency; or
 - 3.13.9.2 CMS or any Applicable Regulatory Agency acts or threatens to act to issue an adverse finding against KYHC with respect to a Delegated Function, including revoking its license, terminating any contract; or imposing any sanction or fine; or
 - 3.13.9.3 two (2) consecutive CARs for the same or similar performance standard in Exhibit 1 fail to result in CGI achieving substantial compliance with the standards for the Delegated Function; or
 - 3.13.9.4 two (2) consecutive CARs fail to result in timely and complete submission by CGI of claims, encounter data, and any other data required to satisfy HEDIS (to the extent otherwise required under this Agreement), in formats specified herein.

3.14 Sub-Delegation & Location of Performance. CGI may not sub-delegate any Delegated Function or any task included as a portion of a Delegated Function without the prior written approval of KYHC and, as required, Applicable Regulatory Agencies, provided that KYHC acknowledges that CGI has subcontracted hosting of the Systems by Healthation. All services and Delegated Functions must be performed within the United States.

3.15 Participation In Meetings, Task Forces, and Committees. At any time multiple CO-OPs belong to the Client Group, the Parties and CO-OPs belonging to the Client Group shall form a Joint Operations Committee ("JOC") which shall be comprised of the following representatives from CGI: the manager, as provided in §3.5.2, representatives from each CO-OP in Client Group as determined by CO-OP, which may include an operations executive, plus leadership from claims, customer service and other areas as determined by the Client Group. The JOC shall discuss and review all activities related to or involving the delivery of the Delegated Functions. The JOC shall meet at least monthly and there shall be a standing list of agenda items for addressing issues related to the Delegated Functions.

NCQA Accreditation. CGI shall comply with Accreditation Agency standards with respect to its performance of each Delegated Function or portion thereof subject to Section 6.14, and shall actively support KYHC in activities related to NCQA accreditation with respect to performance of the Delegated Functions.

3.16 Protection of Confidential Information.

3.16.1 Confidential Information. KYHC and CGI agree that in the process of contracting and performing the services contemplated by this Agreement each is expected to disclose or exchange Confidential Information. This Confidential Information may have competitive value in the market. The Parties desire to preserve and protect the confidential nature of the Confidential Information and acknowledge that disclosure of the Confidential Information would cause the Party that owns the Confidential Information and is making the disclosure (the "Disclosing Party") substantial and irreparable harm. The Parties agree to receive and hold all such Confidential Information in confidence, whether relating to CGI or KYHC, whether presented in oral, electronic, or written form, and to use it only for the purpose of carrying out their respective obligations under this Agreement, irrespective of whether the information independently qualifies as entitled to legal protection.

3.16.2 Nondisclosure. Neither Party shall, without the prior written consent of the other, sell, market, or disclose (directly or indirectly, in whole or in part) Confidential Information to any third person, firm, corporation, entity, or association, or take any action or make any disclosure that permits any third person, firm, corporation, entity, or association to use or benefit from such Confidential Information. The Parties further agree that they will adhere to, and fully comply with, any additional restrictions or limitations as may be specifically indicated on the documents or information disclosed to them, or as may be otherwise communicated to them in writing by the Disclosing Party or its representative. Such additional restrictions or limitations, or the lack thereof, on any documents or information disclosed by either Party shall not negate in any way the general requirements of this Agreement.

3.16.3 Restrictions on Use of Confidential Information. The Parties will use the Confidential Information solely for the purposes of carrying out their responsibilities under the Agreement, and neither will use the information in any way, directly or indirectly, for any other purpose or in any way that may be detrimental to the other Party. Without prior written consent of the Disclosing Party, the Receiving Party will not disclose, discuss, or make known the Confidential Information to any third party or entity. Each Party will ensure that its employees, agents, and affiliates who receive such Confidential Information are made aware of the obligation to maintain the Confidential Information

in confidence and will not disclose such Confidential Information to any third party. Each Party shall require that all of its employees, agents, and contractors who provide services pursuant to this Agreement execute an agreement with that Party ensuring that such individuals will protect all Confidential Information and Protected Health Information. This employee agreement can be a general agreement to maintain confidentiality and need not specifically reference this Agreement.

3.16.4 Subpoenas and Requests for Disclosure. If a Receiving Party is requested or required by legal process to disclose any Confidential Information, the Receiving Party shall promptly give notice of such request or requirement to the Disclosing Party, so that the Disclosing Party may, at its own cost and expense, seek an appropriate protective order, or in the alternative, waive compliance to the extent necessary to comply with the request or order. If a protective order is not obtained, or if a waiver is granted, the Receiving Party may disclose only so much of the Confidential Information as is required by the court order or permitted by the waiver.

3.16.5 Protected Health Information. The Parties further agree that to the extent Protected Health Information is disclosed by a Party hereto, the Receiving Party will adhere to the privacy and security standards of Applicable Law, including specifically, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") and as hereafter adopted or amended, as well as any and all applicable health information standards, rules, guidelines, regulations, and laws of the United States or of any states where the Parties conduct business, or of Accreditation Agencies. Such data, whether contained in claim or medical records, other written records, electronic records, facsimiles, electronic mail, or any other similar format, shall not be disclosed to any person, except (a) to any employee or agent of KYHC or CGI to the extent such employee or agent has an identifiable need, as determined by the Disclosing Party, for such information and such information is necessary to carry out the responsibilities set forth in this Agreement; (b) to the extent necessary under Applicable Law; or (c) upon the express consent of the Party. The Parties further incorporate by reference, as if fully stated herein, the Business Associate Agreement, attached hereto as Exhibit 5.

3.16.6 Remedies. Each Party hereby agrees that its breach or threatened breach of this Section 3.17 would cause serious and irreparable injury to the other Party and, therefore, each non-breaching Party, in addition to any other remedies at law or in equity it may have, shall be entitled to equitable relief, including without limitation, injunctive relief and specific performance.

3.16.7 Termination of Agreement. The Parties agree that upon the termination of the Agreement for any reason, they will promptly return or destroy in accordance with the Disclosing Party's instructions (or as specifically indicated on the document or information itself), the original and all copies and extracts of any Confidential Information, and all copies of any analyses, compilations, studies or other documents prepared by them containing or reflecting any Confidential Information. The Parties further agree that the confidentiality obligations of this Agreement shall survive the termination of the Parties' contractual relationship and that, thereafter, neither Party will use, reveal or divulge any Confidential Information, except as specifically provided in this Agreement. Subject to the continuing confidentiality obligations hereunder the Receiving Party (i) shall not be obligated to erase the information contained in archived computer system backups in accordance with its security and/or disaster recovery procedures, and (ii) may maintain one copy of any of the information in the Receiving Party's records in accordance with the Receiving Party's usual, customary, and prudent business practices, including secure destruction of the records following the end of the Receiving Party's record retention period, as may be required by the Applicable Law.

3.16.8 No License. The disclosure of Confidential Information under this Agreement will create no license, right, interest, or ownership in any such Confidential Information in the Receiving Party.

Each Party agrees that all Confidential Information is and shall remain the exclusive property of the Disclosing Party.

3.17 Member Communications. CGI shall not send any form or other communication to any Member unless such form has received prior approval by KYHC. CGI and KYHC shall cooperate to establish processes for CGI to submit Member communications and for KYHC to approve or to obtain approval for them, as required.

3.18 No Incentive to Reduce or Deny Medically Necessary Care or Interfere with Member Communications. CGI shall not provide incentives to deny, limit, or discontinue Medically Necessary services. Nothing contained in this Agreement is intended by KYHC to be a financial incentive or payment that directly or indirectly acts as an inducement for the CGI to limit Medically Necessary services.

3.19 Cooperation with KYHC Quality Improvement Activities. Notwithstanding CGI's assumption of responsibility for performing certain Quality Improvement (QI) activities in Article 4 of this Agreement, CGI acknowledges KYHC's obligation to conduct QI activities. CGI agrees to cooperate with KYHC's QI activities.

3.20 Screening for Individuals Excluded from Federal Programs. CGI agrees not to employ or contract with an individual or entity that is excluded from participation in Medicare, Medicaid, or another governmental program, or with an entity that employs or contracts with such an excluded individual or entity. CGI agrees to maintain a system consistent with industry standards for monitoring and periodically re-monitoring its employees and contractors to ensure compliance with this requirement.

3.21 Business Continuity. The Parties shall mutually agree on and CGI shall implement the business continuity plan, which shall be appended to this Agreement as Exhibit 4. Such plan shall address security, joint management oversight, power management, hazard protection, resilience, system continuity, back-up, emergency preparedness, incident management, disaster recovery, testing, and quality assurance. As specified in the plan, CGI shall either (i) set up and maintain a Cold Site or (ii) contract to create and maintain a Hot Site.

3.22 Source Code Escrow. During the Term, CGI shall place into escrow, with Escrow Agent, all Deposit Materials. During the term of this Agreement, CGI shall update the Deposit Materials from time to time. Any and all fees and expenses associated with establishing and maintaining the aforesaid source code escrow shall be borne solely by CGI, and CGI will be solely responsible for establishing the source code escrow arrangement with the Escrow Agent. CGI shall certify to KYHC, no later than the earliest Effective Date, complete compliance with all conditions in this section of the Agreement.

If, during the Term of this Agreement, CGI becomes insolvent within the meaning of §2.4.1 or the Agreement is terminated by KYHC for CGI's breach as provided in Sections 2.4.2, 2.4.3, 2.4.4 or 2.4.5 or CGI ceases ongoing business operations, including temporarily for a period expected to last five Days or longer or loses key programming staff, rendering it incapable of performing the Delegated Functions, KYHC may instruct the Escrow Agent to release all Deposit Materials to KYHC, subject to the provisions of any escrow agreement that the Parties and the Escrow Agent may enter. For the avoidance of doubt, no breach of this Agreement other than those specifically stated in this paragraph will allow KYHC to instruct the Escrow Agent to release Deposit Materials to KYHC.

If the Deposit Materials are released to KYHC as aforesaid, CGI hereby grants KYHC an irrevocable, world-wide, paid-up, and royalty-free right and license to use the software, the Deposit Materials, and each manual, workbook, and any other materials made available to users during the Term in connection

with the Access or use of the platform by users, and to use, modify, and create derivative works therefrom (including any source codes) for the sole purpose of supporting KYHC's use of the software for the purposes contemplated herein. Such right and license shall be limited in duration to the unexpired Term of the Agreement, plus any period needed to transition to another system or Vendor at KYHC's option. If the Deposit Materials are released to KYHC as aforesaid, KYHC shall be permitted to allow Access and use thereof by third-party vendors providing software support services for KYHC, provided that such third parties may use the Deposit Materials solely to provide services in connection with maintaining the functionality of the software, and not for their own benefit or for the benefit of any other third party, and each third-party vendor providing such services must enter into a written confidentiality agreement prior to gaining Access to the Deposit Materials agreeing not to use or disclose the Deposit Materials except as permitted in this paragraph.

ARTICLE 4

QUALITY IMPROVEMENT

- 4.1. Responsibility for Quality Improvement. The Parties agree that CGI's obligation to conduct quality assessment and quality improvement activities pursuant to this Article 4 is in addition to any quality assessment or quality improvement activities of KYHC.
- 4.2. Quality Improvement Committee. CGI shall maintain a QI Committee to evaluate its performance of each Delegated Function performed under this Agreement and develop and implement ongoing recommendations to improve the processes and procedures for each Delegated Function undertaken under this Agreement. CGI shall supply KYHC with minutes and reports of its QI Committee.
- 4.3. Cooperation. CGI shall cooperate with and participate in QI related activities as set forth herein and shall assist and cooperate with any KYHC QI activities.
- 4.4. Investigations. CGI shall fully cooperate with any quality of care investigation initiated by KYHC as the result of Member or Provider complaints or grievances or an adverse event. CGI shall institute any reasonably recommended actions resulting from such investigation.
- 4.5. Quality Reporting. CGI shall maintain records of all activities of its QI Committee and shall report on its Quality Improvement Activities to KYHC and to Applicable Regulatory Agencies as required.

ARTICLE 5

DATA RETENTION, CREATION, COLLECTION AND PERFORMANCE REPORTING

- 5.1. Retention. CGI shall retain all records, documents, and information (i) as required by Applicable Law, and (ii) in accordance with KYHC's then current policies and procedures, whichever is more restrictive. CGI has provided KYHC with copies of CGI's current records retention policies and procedures. CGI shall periodically review and update, as necessary and appropriate, its retention policies so as to maintain its compliance with Applicable Law and this Agreement.
- 5.2. Performance Reports. For each Delegated Function, CGI shall collect data and monitor its performance according to the frequency and in the formats as mutually agreed by the deadlines contained

in Exhibit 1. CGI's failure to meet a deadline shall subject CGI to the corrective action program set forth in Section 3.13.

5.3. Data Transmission. CGI shall furnish, at no expense to KYHC, any and all, staffing and Systems necessary to receive from and transmit to KYHC or its designee data required to be exchanged hereunder, and will allow Access to and provide to KYHC or its designee all data required by Applicable Law, PPACA, KYHC, or Accreditation Agency standards including any documentation, records, files, or data necessary to perform the functions delegated under this Agreement.

5.4. HIPAA Standard Transaction Sets for Electronic Exchange. CGI will additionally support electronic exchange of data for the purposes of loading the system, maintaining records of eligibility and benefits, supporting functions of CGI, and integrating with KYHC. CGI will support all of the following in the HIPAA standard format indicated, or in a proprietary format if required by KYHC or a Payor:

5.4.1. Health Care Eligibility Benefit Inquiry and Response ASC X12N 270/271

5.4.2. Health Care Claim Status Request and Response ASC X12N 276/277

5.4.3. Health Care Services Review-Request for Review and Response ASC X12N 278

5.4.4. Benefit Enrollment and Maintenance ASC X12N 834

5.4.5. Health Care Claim Payment/Remittance Advice ASC X12N 835

5.4.6. Health Care Claim: Professional/Institutional ASC X12N 837P/837I

5.4.7. Electronic Premium Payment/PPACA – 820 health care premium payment

5.5 Other Electronic Exchange. CGI will support all HIPAA standard transaction formats including those indicated, as well as other standardized formats in accordance with PPACA and as required by KYHC or any Applicable Regulatory Agency or Accreditation Agency. CGI will support electronic exchange, in proprietary format, as follows:

Benefits Accumulators

Employer Group Data

Benefit Plan Data

Claims Adjudication Logic

Provider Demographic, Credentialing and Provider Network Information

ARTICLE 6 GENERAL PROVISIONS

6.1. Entire Agreement; Modification. This Agreement, its Attachments and Appendices constitutes the entire understanding of the Parties and supersedes any and all prior written or oral agreements, representations, or understandings regarding the specific subject matter hereto. Except as otherwise set forth herein, no modifications, discharges, amendments, or alterations to this Agreement shall be effective unless signed by both Parties.

6.2. Invalid Provisions. It is understood that any provision of this Agreement which is determined to be in violation of any Applicable Law shall be null and void and that no such provision shall affect the validity or enforceability of any of the other provisions of this Agreement; provided, however, that if a provision of this Agreement which materially affects the financial terms and conditions of this Agreement is deemed null and void in accordance with this Section, the Parties shall negotiate in good faith modifications to such financial terms and conditions that are in compliance with Applicable Law. If the Parties cannot successfully renegotiate such financial terms and conditions of this Agreement within thirty (30) Days, the matter shall be submitted to arbitration pursuant to Article 7.

- 6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky without giving effect to the principles of conflicts of law.
- 6.4. Compliance with Law. At all times during the Term of this Agreement and any renewal thereof, CGI and KYHC each agree to comply with Applicable Law. KYHC agrees to pay directly or reimburse CGI for any taxes arising out of the CGI's performance under the Agreement, excluding taxes on CGI's net income and all employer reporting and payment obligations with respect to its personnel.
- 6.5. No Waiver. No responsibility, condition, or undertaking contained in this Agreement may be waived except by the written agreement of the Parties. Forbearance or indulgence in any other form by either Party in regard to any responsibility, condition, or undertaking to be kept or performed by the other Party shall not constitute a waiver thereof, and until complete satisfaction or performance of all such responsibilities, conditions, and undertakings have been satisfied, the other Party shall be entitled to invoke any remedy available under this Agreement, despite any such forbearance or indulgence.
- 6.6. Notices. All notices, requests, demands, and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given on the Day of delivery if personally delivered; the following Day if sent for next Day delivery by a recognized overnight delivery services as verified (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested, to the address in the initial paragraph of this Agreement.
- 6.7. Ownership of Records. The Parties acknowledge and agree that each party's business records, including but not limited to those related to the Delegated Functions, including Member eligibility, benefits, policies and procedures, Benefit Plans, and Covered Services, shall remain the property of such Party, unless as otherwise required by Applicable Law. The Parties agree that, as between the Parties, all data relating to Delegated Functions are the property of KYHC.
- 6.8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original; however, all shall constitute one and the same Agreement.
- 6.9. Headings. The Section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof. Any attachments, Exhibits, Appendices, tables, or schedules referred to herein and/or attached or to be attached hereto are incorporated herein to the same extent as if set forth in full herein.
- 6.10. Assignment and Delegation.
- 6.10.1. This Agreement, and the right to receive payment hereunder, may not be assigned by CGI, and none of the duties assumed by CGI under this Agreement may be delegated or subcontracted to any Person without the prior written approval of KYHC, which approval shall not be withheld unreasonably. CGI shall provide thirty (30) Days prior written notice to KYHC of a proposed assignment, subcontract, or delegation of any duty described hereunder to an Affiliate. Any attempt by CGI to assign this Agreement or any rights hereunder, or subcontract any duties hereunder without the prior written consent of KYHC, shall void the attempted assignment.
- 6.10.2. KYHC shall be permitted to assign this Agreement to any Affiliate or successor organization.
- 6.10.3. All provisions hereof shall be binding upon, inure to the benefit of, and be enforceable by and against the respective successors and permitted assigns of the Parties hereto.

6.11. No Third-Party Beneficiaries. This Agreement is not a third party beneficiary contract and shall not in any manner whatsoever confer any rights upon or increase the rights of any Member with respect to KYHC or the duties of KYHC to any Member.

6.12. Communications. Any public announcement of this Agreement shall be subject to the mutual approval of the Parties.

6.13. Non-Exclusive Arrangement. The Parties acknowledge that this is not an exclusive arrangement.

6.14. Change Orders.

6.14.1. Either Party may propose changes to the Delegated Functions under this Agreement. Requests for changes will be submitted to the other Party in writing for consideration of feasibility and the likely effect on the cost, schedule, and service levels for performance of the Delegated Functions. The parties will mutually agree upon any proposed changes, including resulting equitable adjustments to costs and schedules for the performance of the Delegated Functions. The agreed changes will be documented in an amendment to the Agreement ("Change Order").

6.14.2. Response and Addenda supplied by CGI. The order of precedence should be determined as follows: CGI will be entitled to an equitable adjustment in the schedule for performance, service levels, and/or the compensation otherwise payable to it under the Agreement if the net effect of all (i) changes in Applicable Law and actions and standard directed by Applicable Regulatory Agencies or Accreditation Agencies causes a material increase in CGI's cost of performing services under this Agreement; and (ii) action or inaction by KYHC prevents CGI from or delays CGI in performing its services (CGI should provide the policies and procedures to meet all requirements so as to not delay the service). In such event, the parties will mutually agree upon a Change Order documenting the adjustments.

6.14.3 Following contract signing, the parties will document and mutually agree to a change control process that at a minimum addresses and outlines the following:

- Process Summary,
- Identification and Documentation of Change Request
- Impact Analysis
- Approval of Change Requests
- Implementation of Approved Change Requests
- Closing of Change Requests
- Change Request Monitoring
- Change Request Meetings

6.15 Priority of Documents. If any conflict exists between the provisions of this Agreement and any Applicable Law, Exhibit or any policy implemented after the effective date of this Agreement (collectively, the "Documents"), the Parties agree that the Documents shall be interpreted in the following order of priority:

- 1) Applicable Law shall govern all Documents, and all Documents shall be applied in a manner consistent therewith;
- 2) The Agreement shall supersede any conflicting provision in another Document;
- 3) The terms of any Exhibit shall supersede any conflicting provision in any policy or any other writing or oral agreement.

6.16 Internet Not Secure. Electronic transmissions over the Internet are not secure, and CGI does not warrant the security or privacy of any transmissions, messages, conduct or communications by KYHC or any third party. CGI shall monitor and disclose any conduct, content, or communications on the Systems to the extent necessary to protect the Systems, identify or resolve service problems, protect the rights and property of CGI and its customers, or as otherwise permitted or required by Applicable Law. Notwithstanding the foregoing, CGI does not have the practical ability to restrict conduct, content, or communications that might violate this Agreement before it occurs on the Systems, nor can CGI assume any liability for any action or inaction with respect to such conduct, content, or communications. The foregoing provisions do not affect or negate CGI's obligations to fulfill its security obligations with regard to the Systems as part of CGI's performance of any Delegated Functions.

6.17 Non-solicitation. During the term of the Agreement and for twelve (12) months after its expiration or termination, neither Party will, either directly or indirectly, solicit for employment or employ (except as permitted below) by itself (or any of its affiliates) any employee of the other Party (or any of its Affiliates) who was involved in the performance of the Party's obligations under the Agreement, unless the hiring Party obtains the written consent of the other Party. The actual damages attributable to a breach of the provisions of this Section would be difficult to determine and prove. Accordingly, the parties agree that if either Party breaches this Section, the breaching Party will promptly pay the non-breaching Party liquidated damages in an amount equal to the employee's annual salary (including bonuses and incentive compensation) prior to the breach, such sum being a reasonable measure of the damages reasonably anticipated by the parties. The foregoing provision will not (i) prohibit a general solicitation of employment in the ordinary course of business or prevent a Party from employing any employee who contacts such Party as a result of such a general solicitation; or (ii) be read so as to limit employment opportunities to an extent that would not be permitted under Applicable Law.

6.18 Force Majeure. Neither Party shall be liable for any damages for delays or failure in performance under the Agreement caused by acts or conditions beyond its reasonable control, without its fault or negligence, which could not have reasonably foreseen or prevented by reasonable precautions. Such acts or conditions (each a "Force Majeure") shall include, but not be limited to: acts of God or of the public enemy; civil war; insurrections or riots; acts of war; acts of government; acts of terrorism; fires; floods; storms; explosions; earthquakes or accidents; unusually severe weather; epidemics or public health restrictions; strikes or labor troubles causing cessation, slowdown or interruption of work; and other similar events, or any event referred to above preventing a subcontractor from performing its obligations under a subcontract. In the event of a Force Majeure, (i) the Party experiencing the Force Majeure shall exercise due diligence in endeavoring to overcome any Force Majeure impediments to its performance and shall provide prompt notice to the other Party of the Force Majeure; and (ii) the time for performance shall be extended by a period equal to the delay caused by the Force Majeure and, if warranted, the fees payable to CGI shall be equitably adjusted.

ARTICLE 7 DISPUTE RESOLUTION

If any controversy, dispute, or claim ("Dispute") between the Parties arises out of or relates to this Agreement, which the Parties cannot settle by good faith negotiation between them during the time frames set forth herein, the Parties agree that the Dispute shall be resolved by mediation or arbitration. Financial issues that cannot be resolved between the Parties within thirty (30) Days of the identification of the issue by either Party shall proceed directly to arbitration. The Parties agree to take the following measures to resolve the Dispute:

7.1. Internal Dispute Resolution Process. The Parties shall work together in good faith to resolve all Disputes. Disputes shall include all operational matters regarding the implementation of this Agreement,

and all issues over amounts due. Either Party may give the other notice of a Dispute. Notices shall be addressed as set forth in Section 6.6. If the Dispute is not resolved within fifteen (15) Days by the Parties directly involved (or their designees), it shall be forwarded to the CEOs (or their designees) of KYHC and CGI for resolution within fifteen (15) Days. If the Dispute is not resolved, each Party shall select a mediator. The two mediators shall select a third mediator who will resolve the Dispute. During any Internal Dispute Resolution Process described in this Section 7.1, the Parties agree to toll any time limits applicable to appeals or external remedies.

7.2. Alternate Dispute Resolution.

7.2.1. If the Dispute is not resolved within sixty (60) Days in accordance with Section 7.1, above, the Parties shall submit it to mediation, which shall be conducted in the Commonwealth of Kentucky in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation.

7.2.2. If the Dispute has not been resolved to the satisfaction of both Parties following conclusion of the mediation in Section 7.2.1, then the Dispute shall be submitted to arbitration in Kentucky in accordance with the arbitration rules of the American Health Lawyers Association (AHLA) Alternative Dispute Resolution Service, or such other dispute resolution service as the Parties may agree. The arbitration shall be commenced by either Party submitting a notice to the other of the intent to commence arbitration and by notifying the AHLA Alternative Dispute Resolution Service in Washington, D.C.

7.2.3. The Parties covenant and agree to be bound by the decision of the arbitrator or, if applicable, the decision of a majority of the arbitrators. The arbitrator(s) shall apply Applicable Law, and shall have the jurisdiction to decide all claims between the Parties. The arbitrators shall also have the power to decide procedural matters in accordance with the rules of the AHLA Alternative Dispute Resolution Process, and shall not be bound to state or federal evidentiary or procedural rules. The arbitrator(s) shall issue findings of fact and conclusion of law, and shall be bound by Applicable Law. Any court(s) having jurisdiction over the Parties may enter judgment upon the award rendered by the arbitrator(s). The Parties each agree to pay their own legal fees and expenses in connection with the arbitration and, in addition, to pay one-half of the cost of the arbitration, including fees charged by the arbitrator(s).

7.2.4. During any alternate dispute resolution procedure pursuant to this Section 7.2, the Agreement shall remain in full force and effect, provided that KYHC continues to meet its payment obligations to CGI during the pendency thereof. If amounts due to CGI or refunds to KYHC are the subject of the dispute, the Party that is claimed to owe the funds / refunds shall place the funds into escrow. All arbitration proceeding evidence and decisions shall be confidential.

7.1. **Financial Issues.** KYHC and CGI may, at their option, agree to submit disputes regarding any payment or compliance with financial terms hereunder to an independent third party auditor or actuary for purposes of resolving such dispute pursuant to mutually agreeable terms.

**ARTICLE 8
EXHIBITS & APPENDICES**

The following Exhibits and Appendices are attached to and incorporated into this Agreement by reference:

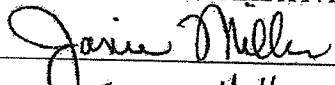
Exhibit 1 Payment Terms

KYHC – CGI Administrative Services Agreement

Exhibit 2	Claims Administration Services
Exhibit 3	CGI Information Technology Security Plan
Exhibit 4	CGI Business Continuity Plan
Exhibit 5	Business Associate Agreement
Exhibit 6	Enrollment Services
Exhibit 7	Printing, Fulfillment, and Ancillary Services
Exhibit 8	Software Configuration and IT Related Services
Exhibit 9	Premium Billing and Collection Services
Exhibit 10	Member & Provider Support Services
Exhibit 11	Participants in Client Group

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorized representatives of KYHC and CGI.

KENTUCKY HEALTH COOPERATIVE, INC.

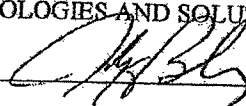
BY: 

[[NAME]] Janie Miller

ITS: [[TITLE]]

DATE: March 21, 2013

CGI TECHNOLOGIES AND SOLUTIONS, INC.

BY: 

[[NAME]] JODY R. BEASLEY

ITS: [[TITLE]] VICE PRESIDENT

DATE: March 21, 2013

EXHIBIT 1 - PAYMENT TERMS

1. **Implementation Fees.** KYHC shall pay a total of \$707,500.00 toward the cost of CGI's services implementing the Systems. The implementation fee shall be payable in the following increments:

Payable at contract execution	\$175,000
Payable Dec 31, 2013	\$133,500
Payable Dec 31, 2014	\$133,000
Payable Dec 31, 2015	\$133,000
Payable Dec 31, 2016	\$133,000

Each new member joining the Client Group will have an implementation fee designed for the scope of services and the timeframe required, that will be separate and unique.

As the initial investment made by the KYHC and LAHC will enable additional members to leverage elements of the initial implementation, KYHC and LAHC will receive credits, equally shared between them, for each new member that joins the Client Group for a minimum of three years based on the date that the new member's contract is executed:

<u>Date</u>	<u>Amount</u>
Before March 31, 2013	\$50,000.00
April 1 - December 31, 2013	\$40,000.00
After December 31, 2013	\$30,000.00

KYHC shall pay its portion of the implementation fee, net of any credit resulting from additional insurers in the Client Group as described above, within thirty (30) Days of receiving an invoice from CGI.

2. **Monthly Fees.** KYHC shall be responsible for paying monthly fees which shall include all Delegated Functions described in the Agreement and Exhibits unless a separate fee is contained in this Exhibit 1. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly fees according to the following schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$4.12
35,001 to 42,000	\$4.00 for all Members
42,001 to 49,000	\$3.88 for all Members
49,001 to 52,000	\$3.78 for all Members
52,001 to 60,000	\$3.68 for all Members

KYHC – CGI Administrative Services Agreement

60,001 to 100,000	\$3.30 for new Members and \$3.68 for first 60,000 Members
100,001 to 150,000	\$3.20 each additional Member
150,001 to 175,000	\$3.10 each additional Member
175,001 to 200,000	\$3.00 each additional Member
200,001 to 225,000	\$2.85 each additional Member
225,001 to 250,000	\$2.76 each additional Member

Until the 35,000 monthly minimum membership is reached, the minimum monthly fees of \$144,200 will be evenly divided among the Client Group participants. The monthly fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly fee, CGI shall combine their total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the monthly fee within thirty (30) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly fee would be calculated as follows:

$$150,000 \text{ Members} = (60,000 \times 3.68) + (40,000 \times 3.30) + (50,000 \times 3.20) = 512,800 / 150k = \$3.42 \text{ pmpm}$$

CO-OP A pays \$341,867; CO-OP B pays \$170,933

3. Healthation Access Fee. KYHC shall be responsible for paying monthly access fees to CGI which CGI shall pass through directly to Healthation. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly access fees according to the following schedule:

Membership Range	PMPM
1 to 30,000 Members (30,000 minimum)	1.21 per Member
30,001 to 50,000	1.21 each additional Member
50,001 to 100,000	1.16 each additional Member
Above 100,000	0.96 each additional Member

Until the 30,000 monthly minimum membership is reached, the minimum monthly access fee of \$36,300 will be evenly divided among the Client Group participants. The monthly access fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly access fee, CGI shall combine the total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly access fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the Healthation access fee within fifteen (15) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly Healthation fee would be calculated as follows:

$$150,000 \text{ Members} = (50,000 \times 1.21) + (50,000 \times 1.16) + (50,000 \times 0.96) = 166,500 / 150k = \$1.11 \text{ pmpm}$$

KYHC - CGI Administrative Services Agreement

CO-OP A pays \$111,000; CO-OP B pays \$55,500.

4. Direct Expenses. KYHC shall reimburse CGI at its actual cost for the following direct expenses: postage, paper, card stock, ink, electronic data interchange costs, and such other direct expenses as the Parties may agree in advance. KYHC shall pay this monthly fee within fifteen (15) Days of receiving CGI's invoice. CGI is expected to act as a "prudent purchaser" and thus shall provide cost estimates and invoices for all initial activities in this area, to KYHC Finance Department for review and approval, and upon periodic request. CGI shall supply cost estimates and invoices during any audit or annual oversight meeting to demonstrate that CGI is acting as a competitive, prudent purchaser in the marketplace. Examples include:

PRINTING AND FULFILLMENT FEES: Will be billed separately according to volume and services

ITEM	RATE
LETTERS	
-Equipment(Folding/Stuffing/Metering)	\$0.0849 per piece
-Envelope	\$0.0195 per piece
-Return Envelope	\$.0180 per envelope
-Paper	\$0.0060 per piece
-Print	\$0.0056 per piece
-Presort	\$0.0285 per piece
OTHER	
-Welcome and Renewal Kits	\$.60 per kit (8 to 12 components)
-Labels	\$0.0095 per piece
-ID Card Stock	\$8,000 per m (10,000)
-ID Card Print	\$0.0171 per piece
-Envelopes	\$0.5168 per piece
-Overnight Shipping	\$2.50 per piece
-Postage Pass through	Actual postage with no mark up at presorted rate

5. Credits. Any payments due from KYHC shall be reduced by the amount of the credit(s) accrued as provided below. If CGI's invoice does not reflect the credit, then KYHC shall be entitled to submit a revised invoice showing the calculation of the credit and the explanation therefor, along with payment of the net balance due. If a dispute arises over whether KYHC is entitled to a credit, KYHC shall place the disputed amount of the payment into escrow and pay the balance to CGI while pursuing the dispute resolution procedures in Article 7.

6. Service Level Credits. Service Levels shall be in force beginning with the third month that plan Members receive benefits from the plan. Service level credits shall be calculated as indicated for each Service Level Specification listed below. Without limiting any of KYHC's rights or remedies, should CGI fail to attain one or more Service Level Specifications, KYHC shall be entitled to the corresponding Service Level Credit, to be applied to the next succeeding invoice(s) but calculated based upon the applicable month's Monthly Fee. The maximum amount of all Service Level Credits payable for which CGI may be liable for failure to meet the Service Levels described below in any given monthly billing period will not exceed ten (10) percent (10%) of the Monthly Fees (pmpm) in Section 2 of this Exhibit 1,

KYHC – CGI Administrative Services Agreement

except as provided below. Nothing in this Section 6 Service Level Credits shall limit KYHC's ability to invoke the corrective action procedures in Section 3.13 of the Agreement.

Dept.	Service Level	Measurement Frequency	Service Level Specification	Service Level Credit
Claims	Clean Claim Processing Timeliness	Monthly	99.5% of Clean Claims will be adjudicated (paid or denied) within 30 Days of receipt	15%
Claims	Unclean Claim Processing Timeliness	Monthly	100% of all unclean claims will be adjudicated (paid or denied) within 60 Days of receipt	10%
Claims	Claims Processing Accuracy - Procedural	Monthly	97% of adjudicated claims will be adjudicated with clerically accurate processing	5%
Claims	Claims Processing Accuracy - Financial	Monthly	99.5% of total dollars paid, for all claims adjudicated	15%
Member Service	Abandonment Rate	Monthly	Abandonment rate for all calls that have made it to the queue in a month shall be no greater than 4%.	5%
Member Service	Telephonic Average Speed of Answer	Monthly	80% of all calls will be answered within 30 seconds.	10%
Member Service	Non-telephonic electronic contact response speed	Monthly	CGI Staff will respond to non-telephone inquiries whether made by facsimile, electronic mail or web inquiry within one business day	5%
Member Service	Maximum resolution time	Monthly	99.5% of all telephone and written inquiries will be resolved/closed within 21 Days	5%
Member Service	Member ID Card	Weekly	CGI will process and mail KYHC member ID cards within five (5) calendar days of completing an accepted enrollment.	5%
Enrollment	Enrollment File loading	Monthly	CGI will load all enrollment/eligibility files from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions into the	10%

KYHC – CGI Administrative Services Agreement

			claim/eligibility system within one (1) Day of receipt. Timeframe begins when a valid file is received by CGI	
Auth	Prior Authorization file loading CGI System Availability	Monthly	CGI will load prior authorizations into the system within one (1) Days of receipt. This 1 Day timeframe begins when a valid file is received from KYHC	10%
System	CGI System Availability	Monthly	CGI system will be available 99.75% of scheduled uptime for KYHC users	5%
Premium Billing	Premium Billing Accuracy	Monthly	97% of the Members' premium bills will be financially accurate.	5%

In addition, CGI agrees to add extra weighting to two of the above SLAs that measure claim accuracy and timeliness. (**Clean Claim Processing Timeliness and Claims Processing Accuracy - Financial**)

- CGI will allow 125% of the maximum weighting value on these two SLAs.
- If CGI misses either of these SLAs in two consecutive months, the weighting factor will be increased by 150% and the maximum cap is also increased by 150%.
- At the end of each calendar year KYHC may re-assign one or both of these extra weighting factors from the two service levels described above to a different service level.

The Service Level Credit will be calculated as follows:

- Service Level Credit = A times B times C
 - A is the Monthly Fee or PMPM charge billed for the month in Section 2 of this Exhibit 1
 - B is ten percent (10%) (amount at risk)
 - C is the Service Level Credit percentage for the Service Level(s) missed for the month (if any).

Example: If the total Monthly Fees in Section 2 of this Exhibit 1 are \$100,000.00, then A = \$100,000; B = \$10,000 and C = 5% for System availability for a resulting service level credit of \$500.00.

7. **Payment Terms.** Service Fees may be invoiced on the first (1st) Day of the month for the prior month's Delegated Functions. The invoice shall be accompanied by the Service Level summary report to allow KYHC to determine and verify Service Level Credit status. KYHC will have Access to the data and report details for further review as necessary.

KYHC – CGI Administrative Services Agreement

All fees and expenses are to be paid to CGI in United States Dollars, by electronic funds transfer to an account designated by CGI or by check sent to Bank of America, c/o CGI Technologies and Solutions Inc. at 12907 Collections Center Drive, Chicago, IL 60693. CGI's invoices are due and payable in full within thirty (30) days from the date of the invoice. If KYHC withholds any invoiced amount which it disputes in good faith, KYHC must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify CGI of the specific amount in dispute and the reasons why it disputes the amounts. CGI and KYHC will work together in good faith to resolve any timely disputed amount in a prompt and mutually acceptable manner. If a disputed amount is not resolved within thirty (30) days after the original payment due date receipt, the parties will resolve such dispute as provided in Article 7. KYHC will pay any disputed amounts within five (5) days after the dispute has been resolved. Disputes with respect to invoiced amounts will be waived unless the invoiced amounts are either paid or the disputes are raised in writing as provided in this Section. If KYHC withholds payment of any amount due under an invoice without following the procedures set forth above, or if KYHC withholds payment of more than ten percent (10%) of any invoice, CGI may suspend performance under the Statements of Work with respect to which payment has been withheld. CGI will provide KYHC with fifteen (15) days prior written notice before suspending performance. CGI will resume performance within a reasonable period of time after the payment dispute is resolved, and all aspects of the Statements of Work (including without limitation the project timetable and budget) will be equitably adjusted.

8. Late Payment Interest. If KYHC does not pay an invoice when due, CGI may add an interest charge of one and one-half percent (1 1/2%) per month, or the maximum rate allowed by law if less; this interest will begin to accrue on the day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

EXHIBIT 2
CLAIMS ADMINISTRATION SERVICES

CGI shall perform the Claims Delegated Function in accordance with Agreement and the terms of this Exhibit 2.

1. CGI Obligations.

- 1.1 Financial Guaranty. CGI shall provide any financial guarantee required to obtain certification as a Third Party Administrator.
- 1.2 Claim Payment. CGI shall accurately process and pay claims, as applicable, for Covered Services provided to Members by Participating Providers according to the payment terms (timeliness requirements and rates) in the Participating Provider Agreements. CGI shall process and pay claims for Covered Services provided to Members by Providers *other than* Participating Providers in accordance with the non-Participating Provider Payment Rates.
- 1.3 Claim Adjudication. CGI shall develop a method that must be approved in advance by KYHC and in accordance with Applicable Law for:
 - 1.3.1 Determining Covered Services, paying claims, and tracking utilization for KYHC's Benefit Plans;
 - 1.3.2 Identifying and processing clean and unclean claims (as those terms are defined in Applicable Law), and timely redirecting misdirected claims, if any, to the applicable payor; and drafting payment for clean claims, consistent with Applicable Law.
 - 1.3.3 Collecting and submitting to KYHC all encounter data in the format agreed between the Parties (including data from claims processed by and/or redirected to and/or processed by CGI) for Providers as required by Applicable Regulatory Agencies and/or Accreditation Agencies pertaining to Covered Services;
 - 1.3.4 Transmitting denial notifications to Members and Providers, explanations of benefits to Members, and explanations of payments to Providers in such formats and with such frequency as mutually agreed to in writing by the Parties;
 - 1.3.5 Transmitting initial authorizations and denial notifications, including notice of appeal rights timely to Members and Providers;
 - 1.3.6 Tracking and reporting on its performance of the Claim Administration function using agreed upon reporting formats, not limited to those metrics identified in the Service Level Credits section of Exhibit 1 of the Claims Administration function, using agreed-upon formats; and
 - 1.3.7 Tracking, reporting, and reconciling with a Payor's records Member deductible usage and benefit accumulators.
- 1.4 Claim Monitoring. If any Participating Providers are paid on other than a fee-for-service basis, CGI shall assist KYHC to correct encounter under-reporting, incomplete and/or inaccurate encounter reporting by Participating Providers. CGI shall provide KYHC with

documentation of results of monitoring activities and all corrective actions taken to address such under-reporting incomplete and/or inaccurate encounter reporting.

- 1.5 Submission of Claims. CGI shall establish a mailing address for providers to submit claims directly to the delegated entity for covered services and communicate this address to participating providers. CGI shall also communicate to Participating Providers that claims for Covered Services provided to Members are required to be submitted directly to CGI. CGI shall provide KYHC with a monthly management report regarding misdirected claims and documenting its process for identifying misdirected claims.
- 1.6 Interest on Late Paid Claims. If CGI fails to pay claims within time frames required by Applicable Law, CGI shall be responsible for paying any required interest penalty to Providers. However, to the extent that such interest penalty is due, in whole or in part, to the actions or failure to act of KYHC or a Payor (including failure to timely fund claims), then as between CGI and KYHC, KYHC shall be responsible for paying that portion of the interest penalty.
- 1.7 Claims Administration Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to any denial or appeal of claim payment in all communications made to Members, and use only language that has been reviewed and approved by KYHC.
2. Current Coding. CGI's claims processes shall be compliant with the most current versions of the American Medical Association's Current Procedural Terminology ("CPT") codes the Healthcare Common Procedure Coding System ("HCPCS") code sets, the International Classification of Diseases, 9th edition or 10th edition, when effective ("ICD9" or "ICD10") code sets, Centers for Medicare & Medicaid Services ("CMS") guidelines and national coverage determinations and the CMS Correct Coding Initiative ("NCCI").
3. KYHC Obligations
 - 3.1. If KYHC receives claims from Participating Providers for services to Members, KYHC shall timely transmit them to CGI for processing and payment. KYHC and CGI shall create a management report regarding misdirected claims, document the process to identify misdirected claims, and shall provide said report to CGI monthly and work cooperatively with CGI to minimize incorrect claim submissions.
 - 3.2. KYHC shall provide CGI with Access to the payment provisions of KYHC contracts with Participating Providers and other provisions necessary to ensure CGI's compliance with all legal, regulatory, and contractual requirements, which shall be considered Confidential Information in accordance with Section 3.15 of the Agreement.
 - 3.3. KYHC shall provide CGI with information on Member eligibility, including changes to Member eligibility, through its Member Services Center and will provide information on Member eligibility changes from internal electronic sources (website, brokers, etc.) when received..
4. Claims Data. CGI shall transfer "claims paid" data and reports for claims paid for Covered Services to Members by Providers occurring in the previous week to KYHC by the Tuesday of each week, or other mutually agreed date. Such claim data shall be in a mutually agreed upon format and shall

include, but not be limited to, claims received, ratio of clean to non-clean claims, claims adjusted, claims paid, claims denied, claims suspended, errant claims submissions, interest owed, claims paid to non-Participating Providers, and average time between receipt and adjudication of clean and non-clean claims. Within ten (10) Days of receipt of a transmission from KYHC of claims for services to Members which were incorrectly submitted, CGI shall provide KYHC with a confirming list acknowledging receipt and processing of all such claims.

5. Encounter Data. On request, CGI shall transfer encounter data and reports for encounter activity to KYHC according to mutually agreed schedules and formats. 6.0 Aged Claim Reports. CGI shall, by the fifteenth (15th) Day of each month for monthly reports and within ten (10) Days following the end of each quarter, transmit to KYHC aged claim reports that detail at a minimum the following data: the number of claims received, processed, approved, denied, or pending, as well as the average time for processing claims (*i.e.*, number and percent of claims processed and paid or unprocessed within 30, 60, 90, 120 and 120+ Days).
6. Benefit and Deductible and Out-of-Pocket Accumulators. On request, CGI shall cooperate with KYHC efforts to determine and track historical accumulator information. CGI shall track accumulator data associated with Members, which information shall be shared between KYHC and CGI on a mutually agreed upon schedule and format.
7. Maintenance of Information on Member Eligibility, Covered Services, Provider Participation. CGI shall receive, retain, and apply weekly reports updating Member eligibility for Covered Services as well as changes to the Covered Services and Participating Providers, and shall integrate this information into its claims processing function.
8. Payor Fund Files. The Parties shall agree to establish an Account at a mutually agreed upon financial institution. The Parties further agree to establish mutually agreed upon payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. CGI shall maintain information on the balances in Payor funding files by Payor name, and shall communicate daily funding requirements, fund balances, fund expenditures, etc., to KYHC as requested. CGI shall notify KYHC's CFO of any Payor's failure to adequately and timely fund claims. KYHC shall have Remote Access to CGI Payor Fund Files. On request, at any time KYHC administers Administrative Service Only ("ASO") Benefit Plans for other payors, the Parties shall agree to establish the respective Account, payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. The Parties, and any prospective ASO Client representative, shall meet to finalize the operational flow of funding for the ASO payor to the applicable account in order to ensure timely payment. KYHC shall maintain information on the balances in the ASO Payor funding files by ASO Payor name, and work with the ASO Payor to ensure all daily funding requirements, fund balances, fund expenditures, etc. are adequate for ongoing operations. KYHC and ASO Payor shall also ensure that CGI will be provided Remote View Access to ASO Payor Fund File Accounts as needed. CGI shall notify KYHC's CFO of any ASO Payor's failure to adequately and timely fund claims.
9. Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC in order to complete oversight of claims processing and/or denial activity and any other reporting required by CMS, or another Applicable Regulatory Agency or body or to meet Accreditation Agency standards.
10. Capturing Payor Override Information. On request, CGI shall have a system for capturing information concerning all claims paid by a Payor, which system shall, at a minimum, deduct the amount paid from the proper account, report on the level, amount, and type of Payor claim payments,

as well ensure that the data is included appropriately in its cumulative utilization and claim payment statistics.

11. Payor Payments. CGI acknowledges that KYHC and any payor for whom KYHC is providing administrative services retains the right and final authority to pay any claim for their respective Members, regardless of the delegation of such claim adjudication function to CGI. CGI shall pay such claim upon notice.
12. EOBs, Notices of Appeal Rights. CGI shall ensure that each paid claim is accompanied by the appropriate notice, containing all information required by Applicable Law and Accreditation Agency standards and guidelines, including a description of the applicable appeal process, availability of external review, and the correct addresses for notifying state insurance department contacts and federal Department of Labor contacts and other contacts, as applicable.
13. Handling of Appeals. CGI acknowledges that appeals by Members or others, including Providers acting as a Member's authorized representative (collectively referred to hereinafter as the "Claimant") relating to an organization determination must be directed to KYHC or its designee as soon as reasonably possible for processing. CGI acknowledges that expedited appeals must be processed within 48 hours or as soon as the Member's condition requires. Upon receipt of a Member appeal, CGI shall, as required to meet the expedited time frame, provide KYHC with all records regarding such appeal and all necessary information required to process such appeal including, without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. For urgent appeals, this information shall be transmitted to KYHC or its designee no later than twelve (12) hours following receipt of the information reasonably indicating that an appealable dispute exists. For standard appeals, this information shall be transmitted to KYHC or its designee no later than one Day following receipt of the information reasonably indicating that an appealable dispute exists. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above, or by an external appeals agency.
14. Coordination of Benefits (COB). CGI will be responsible for providing full COB services. The necessary information concerning primary coverage for members and their dependents and other coverage or benefits must be encoded on CGI's claims processing system and tracked and managed. To administer the coordination of benefits, CGI must exchange information with other plans involved in benefits administration and request that the member/provider furnish any necessary COB information, reimburse any plan that made payments that KYHC should have made, and recover any overpayment from health care providers and other insurance companies as necessary. If KYHC should have paid benefits that were paid by any other plan, CGI, on behalf of KYHC, will pay the plan that made the other payments in the amount the Plan determines to be proper under COB provisions. COB provisions are to be administered according to Applicable Law.
15. To support KYHC's fraud and abuse prevention program, CGI shall provide the following:
 - Cross-reference family deductible accumulations when married employees are both participants of the Plan;
 - Compare total charges against total payments; identify duplicate charges; compare number of inpatient hospital days on each claim against admission and discharge dates;
 - Verify services are provided within the employee's eligibility date and maintain breaks in active service; recognize historical benefit maximums;
 - Identify excess "usual, customary and reasonable" charges for all procedures;
 - Identify potential pre-existing conditions; verify provider license to the type of procedure billed;
 - Reconcile the diagnosis code to the procedure and sex code for consistency;

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- Compute benefit year deductibles;
- Integrate in-network deductible accumulations with out-of-network deductibles requirements;
- Identify and maintain information on potential coordination of benefits, subrogation, and other party liability situations;
- Verify out-of-pocket amounts; review age limits for eligibility or coverage limits;
- Determine coinsurance levels;
- Identify unbundling of services, up coding of services, obsolete or invalid codes;
- Identify ineligible services;
- Apply multiple surgery guidelines;
- Receive and process claims from Medicare for secondary coverage payments;
- Track and process network provider fee schedules to include percentage of charge (POC), per diem rates, Ambulatory Payment Group (APG), Ambulatory Payment Classification (APC), and DRG reimbursements. (e.g. – overpayment of claims to providers, members utilizing services inappropriately; and
- Perform additional other processes to ensure KYHC meets or exceeds federal and state requirements related to fraud, waste and abuse

Exhibit 3 CGI Information Technology Security Plan *To be supplied by CGI by May 31, 2013.*
Exhibit 4 CGI Business Continuity Plan *To be supplied by CGI by May 31, 2013.*
Exhibit 5 Business Associate Agreement *To be executed within 30 days of contract execution.*

EXHIBIT 6
Enrollment Services

CGI shall provide enrollment services in accordance with the Agreement and this Exhibit 6. CGI will process and maintain enrollment and eligibility information of Members and ensure the completeness of the enrollment information.

CGI is responsible for verifying the eligibility of Members for benefits under the Plan based on the information provided by the employer units, Members and KYHC.

CGI will receive and process enrollment data in both hard copy and electronic format from multiple sources:

- State Health Insurance Exchange (if applicable)
- Federal Health Insurance Exchange
- Third Party Exchanges
- KYHC website
- Paper

CGI will collect and maintain HIPAA compliant and demographic information on each Member within the eligibility system.

CGI will provide electronic scanning, storage, and retrieval for health enrollment forms submitted for initial enrollment and enrollment/status changes.

CGI is responsible for providing full administration of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

CGI agrees to provide any eligibility data to state or federal insurance exchanges as required.

CGI agrees to provide eligibility data to third party entities as required by KYHC.

CGI will load enrollment/eligibility records from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions that are verified as complete into the claim system within one (1) Day of receipt.

Enrollment Performance Standards: In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject.

Exhibit 7
Printing, Fulfillment, and Ancillary Services

CGI shall provide printing, fulfillment, and ancillary services in accordance with the Agreement and this Exhibit 7. CGI is responsible for assisting in the design of, as well as printing and distribution of, customized brochures, forms, and other Member/provider material with KYHC's approval, as necessary and required to install and administer the services to Members, employer units, and KYHC. CGI shall seek written approval for all Member fulfillment activities, including, but not limited to: quality, stock replenishment, and order size via a detailed project plan established in cooperation with KYHC designee(s). Examples of these Member materials are, but not limited to:

- ID Card
- Welcome Kits
- Provider Directories
- Explanation of Benefits (EOB)
- Explanation of Payment (EOP)
- Billing Statements
- Surveys
- Delinquent and termination notifications
- Informational Letters
- Benefit Summaries
- Provider Manuals (upon request)
- Ballots, Annual meeting materials

CGI is responsible for producing and mailing Member ID cards, and mailing ID cards to the Member's home address within five Days under the following circumstances:

- Initial enrollment of the Plan
- New hires of employer clients
- Enrollees who change coverage category (e.g. single to family)
- Replacement of lost cards
- Upon request of a Member

CGI will conduct at least one (1) Member satisfaction survey annually. The format and process for conducting the survey must be presented to and approved by KYHC prior to conducting the survey.

Printing, Fulfillment, and Ancillary Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 7.

Exhibit 8
Software Configuration and IT Related Services

CGI shall provide software configuration and IT related services in accordance with the Agreement and this Exhibit 8. CGI will be responsible for the setup, configuration, and administration of all functions of the Healthation software system with KYHC approval.

Appropriate setup and configuration of the software is expected in order to allow the following business functions to be effectively performed:

- Enrollment census management
- Online consolidated invoicing
- Collections
- Agent management and agent commission accounting
- Open enrollment & renewal processing
- Edi (electronic data interchange) for claims, enrollment and other file transfers
- Eligibility file transfer to claims administrator and other vendor and service providers
- Claim processing and auto-adjudication.
- Inbound/outbound transactions and interfaces from state or federal insurance exchanges
- Cobra administration and processing (generation of letters, invoices, etc.)
- Role based security
- Provide information to call center for billing and commissions questions and support
- Provide information to call center to support enrollment/eligibility/claim questions
- Monthly invoice distribution services
- Late notice and termination notice distribution services
- Premium collection and cash processing
- Premium and other fee remittance to all parties
- Reconciliation of commissions and other payments with third parties
- Reconciliation of eligibility with other carriers
- Report generation
- KYHC Access to data

CGI will provide the reporting referenced in the Healthation Core Administrative System Catalog of Reports to KYHC and access to the Healthation Data Warehouse utilizing Microsoft SQL Reporting Services (SSRS), Microsoft SQL Analysis Services (SSAS), and Analyzer™ by Strategy Companion for use by KYHC for development/support of custom or ad-hoc reporting. CGI shall provide data collection and reporting as appropriate for the KYHC delegated functions.

CGI will provide a secure provider service website where routine provider service inquiries can be handled. Information available through this website must include, but is not limited to, eligibility and benefits information, deductible accumulation, claim status, and on-line viewing of provider vouchers or payments.

CGI will provide a secure Member website/portal allowing Access to information such as benefit review, plan summary, out-of-pocket and deductible balances, and claims activity

CGI will assure that System availability and business continuity is a priority for the delegated services. System availability must meet at least 99.75% availability during a calendar month and all cause of outage incidents must be reported to KYHC. CGI shall propose a plan to KYHC outlining its strategies and approaches for implementation of Disaster Recovery and Business Continuity for KYHC. CGI should

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outline the merits of that strategy including tradeoffs that apply to an appropriate balance between cost, operational efficiency, and risk mitigation. Production infrastructure shall be architected for recovery to an alternate site. In the event of a disaster to the primary physical hosting site, CGI shall have the ability to recover and be fully operational in an alternate site. CGI will assure that KYHC shall not be subject to loss of data. The system must provide for daily incremental backups and interval full backups. Recovery Point Objective (RPO) of no more than 6 hours and Recovery Time Objective (RTO) of 24 hours shall be the standard for CGI.

CGI's Business Continuity / Disaster Recovery Plan shall address how CGI shall safely recover KYHC information or data in the event of a disaster without compromising the integrity of any required or dependent synchronizations between dependent systems. CGI shall submit the Disaster Recovery Plan to KYHC at the agreed upon time and prior to the implementation of any disaster recovery site.

CGI shall notify KYHC 48 hours in advance for scheduled outages unless otherwise agreed upon in a given instance.

All web portals, IVRs, and call centers shall comply with Applicable Laws, including NCQA standards.

CGI will provide training to KYHC employees on the chosen software platform.

CGI/Healthation system will support the integration of, and data exchanges with, KYHC and/or any party vendors that KYHC has retained to provide services on behalf of KYHC. (i.e. a pharmacy benefits manager or medical management vendor). Any new integrations after initial implementation, as defined in a mutually agreed-upon detailed implementation plan as specified in Section 3.5.2, will be addressed via the change control process. These information exchanges can be performed via:

- Web services
- HIPAA Transactions
- Custom Extracts or API's

CGI/Healthation system will comply with Exhibit 3.

Software Configuration and IT Related Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 8.

Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC.

CGI will provide KYHC information on the platform and access to the reporting infrastructure for KYHC technical staff to have the ability to run reports specific to KYHC data.

Exhibit 9
Premium Billing and Collection Services

CGI shall provide premium billing services in accordance with the Agreement and this Exhibit 9. CGI will provide and maintain a premium billing and accounts receivable system which is capable of producing monthly statements, tracking account balances, receiving payments, and documenting payment histories for insurance premiums for both group and individual plans.

The billing and receivable system will manage insurance premium reporting and collection for the Plan and be capable of pro-rating monthly premium contributions based on the Member's eligibility date.

CGI shall direct the initial Member enrollee premium contributions to a lockbox account specifically established for premium collections in accordance with policies and procedures as mutually agreed upon by the Parties. KYHC acknowledges that it has authorized the use of the designated bank lockbox account for the primary purpose of safely and securely receiving premiums and transferring those funds daily to the designated KYHC account(s). CGI will maintain a system to track, report, and reconcile all related lockbox financial transactions.

CGI shall establish a premium billing procedure for the accurate invoicing and collection of premiums, on a monthly, quarterly, semi-annual, or annual cycle as appropriate from persons who receive health coverage through KYHC, in accordance with the relevant policies established and regulations promulgated and provided by the KYHC to CGI in writing. CGI shall establish appropriate accounting controls, policies, and procedures to account for premiums and fees collected on KYHC's behalf and amounts owed to KYHC by such persons who receive health coverage through KYHC.

CGI shall report to KYHC, on a monthly basis, the amounts billed to each eligible Member. CGI shall adjust premium rates due to change in attained age, address, level of coverage, mode of payment, employer/employee premium contribution requirements, rate guarantee period, and duration and/or number of insured lives in accordance with KYHC's table of rates.

The billing statements will be based on the employer/employee premium contribution requirements as authorized by KYHC.

Employer Premium billings may include three sections:

- Employer unit billing statement that includes remittance information and a summary of the unit's current amount due and any past due amount,
- Premium billing section that includes a current list of employees participating in the unit, the last 4 digits of the participant's Social Security numbers, payroll locations (if used by the relevant unit), life face value and premium amount, health premium, and the total premium for each employee, and
- Past due detail analysis section that lists information regarding any past due amounts.

Individual market premium billings may include three sections:

- Billing statement with remittance information and a summary of the current amount due and any past due amount,
- Premium billing section that includes a current list of participating dependents, the last 4 digits of all participants' Social Security numbers, and health premium, and
- Past due detail analysis section that lists information regarding any past due amounts.

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In addition to paper billings, CGI will produce an electronic billing file containing all employer unit statements and provide these to KYHC. CGI shall have the capability to accept credit card payments from Members and to comply with all Applicable Laws regarding such types of premium bills. CGI will pursue maximizing the Member's payment via credit card, ACH, or EFT remittance processes. KYHC will draft appropriate Member communications for those paying by check to encourage automatic payment methods. CGI will ensure that these communications are delivered as part of the Members' premium bills.

Each check received by CGI shall be logged in the mailroom. CGI shall secure live checks in a deposit safe immediately to be forwarded to the lock box.

CGI shall implement security controls requiring the presence of two authorized staff to retrieve live checks from the deposit safe and total the day's deposit, and shall deposit the initial Member premium contributions in an account specifically established for premium collections in accordance with policies and procedures approved by KYHC. CGI shall deposit checks on the same day as they are received. CGI will maintain a system to track and report all financial transactions, which system shall be subject to the approval of the Client Group.

At least daily, CGI shall reconcile all checks which have been submitted to CGI for reconciliation in the format agreed upon by CGI and KYHC. In the event that KYHC exercises its option to cease using CGI for the aforementioned purposes, any new method of reconciliation of checks that KYHC uses must permit CGI to execute timely processing of applications, premium credits, and claims payments, and ensure appropriate fraud controls are in place.

In the event that an applicant remits a partial premium payment for the initial policy period, CGI shall notify the applicant of the underpayment and request payment of the balance owed as soon as possible, but no longer than the earlier of ten (10) calendar days following receipt or five (5) days before the effective date of coverage. In the event the balance due is not received within 30 calendar days, CGI will refund the partial payment to the applicant with an appropriate explanation that the application was rejected for failure to remit the premium in full. For initial and recurring premiums, CGI shall administer premiums in accordance with KYHC's tolerance levels for specific products ("tolerance level" being defined as the maximum difference between the amount billed and the amount received from an insured for which KYHC will accept such payment).

CGI shall provide up to one invoice, two late notices, and one phone call regarding premiums not received by the due date and in accordance with the relevant policies established and regulations promulgated and provided by KYHC to CGI in writing. Premiums not received by the premium due date shall result in termination of KYHC coverage effective the date through which coverage has been paid, subject to the grace period contained in the relevant policies established and regulations promulgated and provided by KYHC to CGI in writing. Notwithstanding the foregoing provisions of this paragraph, KYHC may amend this section with notice to CGI as needed to comply with Health Insurance Exchange systems.

CGI shall suspend any claims received during the grace period if the date of service is within the grace period.

In the event of a premium rate change, CGI shall provide the systems and processes necessary to appropriately update and bill at the new rate, including any retroactive adjustments that may be required.

CGI shall defer any dispute over the underwriting, rate-setting, or premium determination process to KYHC in accordance with the policy and procedure agreed upon by CGI and KYHC.

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CGI will provide daily, weekly, and monthly reports to KYHC, in a form and with a level of detail reasonably satisfactory to the Client Group, showing premium billing and collection activity regarding number of certificates billed and premium amounts billed, premium amounts collected, premium amounts due, premium amounts earned, premium amounts not collected, policies terminated for non-payment of premiums, and policy reinstatements.

CGI shall obtain KYHC approval on all materials, forms, or form letters used in the premium billing process prior to use.

CGI shall be responsible for reinstating and collecting premium for policies that have been cancelled but for which KYHC has made the decision to reinstate such policies. KYHC is solely responsible for any reinstatement decision and for determining any rates or premiums associated with such reinstatement.

CGI shall enter into its system the rates provided by KYHC. The rates will be loaded, tested, and ready for production based on the schedule and timeframes provided by KYHC. CGI will provide appropriate documentation to KYHC to verify and approve correctness of all rate updates.

CGI is responsible for determining the appropriateness and plan compliance of adjustments made by employer units based on eligibility listings and reconcile the accounts receivable each month based on premium payments and additions, terminations, and changes submitted by employer units.

CGI is required to maintain adequate personnel for purposes of maintaining eligibility and premium billing/reconciliation functions.

CGI will perform any required tasks that require interface with the Exchange on transferring/interfacing COBRA participants to exchange health plans.

Monthly Premium Billing bills will be sent by the designated business day.

Premium Billing Services Performance Standards: In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 9.

EXHIBIT 10

Member and Provider Support Services

CGI Obligations. CGI shall provide Member and Provider Services in accordance with the Agreement and the terms of this Exhibit 10. For purposes of this Exhibit 10, Member services and provider services shall be referred to collectively as "Member Services".

1.1 Communication and Staffing Standards. CGI shall provide a KYHC - specific toll free telephone line and dedicated Member Service staff to service KYHC Members and Providers. At the termination of the Agreement, CGI shall assign or allow the transfer of the toll – free line to KYHC at cost. Member Services Staff will address and respond to inquiries whether made by telephone, fax, electronic mail, or entry into the KYHC web site. Member Services Staff will provide sufficient dedicated staffing to satisfy the following call standards:

- 1.1.1 Member Services Staff will perform, monitor, and respond to Member calls between 8:00 am and 6:00 pm Eastern Time Monday through Friday and Saturday 8:00 am to 1:00 pm.
- 1.1.2 Member Services shall be prepared to meet the services standards in this Appendix for non-English speaking Members and Members with hearing impairments or visual impairments.
- 1.1.3 CGI shall protect KYHC's competitive interests by having Member Services staff identify each Member calling as a Member enrolled through KYHC and ensuring that CGI staff performing the Member Services function are not performing such function for a competitor of KYHC;
- 1.1.4 Private Labeling of CGI Services. When answering the telephone, the Provider Services staff shall identify themselves as agents of KYHC or use such other identification as KYHC and the Payor require.

1.2 Training Criteria.

- 1.2.1 CGI will develop and implement policies, procedures, and training materials for performing Member Services which are (i) compatible with KYHC policy, procedure, and performance standards, (ii) in compliance with Applicable Law, and (iii) in compliance with Accreditation Agency standards. No substantive modifications can be made to Member Services policies applicable to KYHC without thirty (30) Days prior written notice to, and consent from, KYHC;
- 1.2.2 Member services staff shall participate in training sessions (including required fraud, waste, and abuse training), call coaching sessions initiated by KYHC with the intent of measuring staff courteousness, benefit knowledge and administrative capabilities, and such other training as is required by KYHC or a Payor;
- 1.2.3 Member Services staff will be trained regarding KYHC policies and Benefit Plans and be available to respond to Member inquiries;
- 1.2.4 Member Services staff shall be trained to identify complaints, grievances, and coverage appeals, including for service denials or reductions or terminations of service, and to promptly forward them to the appropriate Party for resolution.
 - o Non expedited grievances and appeals shall be forwarded to the appropriate Party for resolution within one Day.
 - o Expedited grievances and appeals shall be forwarded to the appropriate Party for resolution within the lesser of: two hours or before the close of business on the Day of receipt.

- Member Services shall forward complaints and grievances not related to Covered Services or CGI to the appropriate department within KYHC or the appropriate vendor or service provider (i.e., PBM);
 - Develop a system for identifying, logging, and following up on calls indicating urgent situations, including appeals, quality concerns, improper care, health care fraud, or other matters requiring follow up and the process for promptly notifying the appropriate Party to address these concerns.
 - Respond to questions from Members about Member elections and governance and preferences for online or mail ballot, and forward this voting information to the appropriate vendor or department.
- 1.3 Record Keeping and Retention. CGI shall retain records of Member Services date and time of every inquiry, complaint, appeal, or grievance and shall document the nature of the communication, the nature of the issue, Member Service staff personnel's response, Member Service staff personnel identity, timeliness of response, and such other information as KYHC or an Applicable Regulatory Agency shall request. When the call is made by or on behalf of a Provider, Member Services Staff shall maintain records as described above, including a database on each KYHC Provider and Provider, generally. CGI shall record 100% of the Member Services calls and shall provide KYHC with Remote Access to 100% of the recordings pertaining to its Members and Providers.
- 1.4 Resolution Standards. Inquiries and issues will meet the following standards:
- 1.4.1 Member Services shall have real time Access to claim payment information and shall have the capability of responding to Provider inquiries regarding claim status.
 - 1.4.2 Member Services shall have real time Access to medical management information and shall have the capability of responding to inquiries regarding the status of any request for coverage.
 - 1.4.3 Member Services shall have Access to an up-to-date database of KYHC Providers for responding to Member and Provider questions.
- 1.5 Cooperation with Monitoring. CGI shall cooperate with KYHC's efforts to monitor CGI's performance of Member Services to ensure such performance is carried out in accordance with the Agreement and these performance standards, including but not limited to, providing KYHC with such Access as cooperation with KYHC's on-site audits, KYHC monitoring of Member calls, sharing logs of Member calls, and such other audits as KYHC deems necessary.
- 1.6 Performance Reporting. CGI shall provide KYHC, and Applicable Regulatory Agencies in conjunction with their regulation of KYHC, information related to CGI's performance of Member Services and Access to related books, logs, and records (including but not limited to, Access during the audits) as required to monitor CGI's performance of Member Services. Any expense to CGI from complying with the requirements to share information with KYHC or Applicable Regulatory Agencies shall be borne exclusively by CGI.
- 1.7 CGI Quality Improvement. CGI shall demonstrate that the Member Services function is incorporated into the QI function in a manner that will effectively monitor CGI's achievement of its quality goals, and notify KYHC immediately of quality issues identified by CGI.
- 1.8 Change in Capabilities. CGI shall notify KYHC of any change in its ability to satisfy any of the conditions described in this Exhibit 11.

2. Coverage Appeals. CGI understands that all appeals by Members or such Member's designee, which designee may be a Provider ("Member Appeals") must be directed to KYHC or its designee as soon as reasonably possible for processing, and acknowledges that some Member Appeals must be processed within 24 hours if they are deemed to be "expedited," pursuant to Applicable Law. Therefore, upon receipt of a Member Appeal, CGI shall, as required to meet the 24 hour time frame, provide KYHC with all records regarding such appeal and all necessary information required to process such appeal, including without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. In the case of an expedited appeal, CGI shall provide such documentation as necessary to meet time frames for expedited appeals. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above or by an external appeals agency.

2.1 KYHC shall promptly share with CGI all information regarding Member Appeals.

2.2 If a Member indicates an intent to appeal or submit a grievance to CGI or a member of its staff, CGI shall have procedures for promptly directing such Member to KYHC.

3. Performance Measurement and Reporting. CGI shall provide KYHC with a weekly performance report of its Member Services performance pertaining to KYHC. CGI shall provide, along with the weekly performance report and as reasonably requested by KYHC and designee(s), all adequate data/metrics on all aspects of Member Service functions, understanding that only those functions listed in Exhibit 1 will be subject to Service Level Credit review. CGI's Member Services function shall satisfy the quality indicators in Exhibit 1. In addition, 90% of survey respondents should indicate they are satisfied or very satisfied with Member services as determined through KYHC Member and Provider satisfaction surveys.

EXHIBIT 11
PARTICIPANTS IN CLIENT GROUP

- 1) Louisiana Health Cooperative, Inc.
- 2) Kentucky Health Cooperative, Inc.

First Amendment to Administrative Services Agreement

By and Between

CGI Technologies and Solutions, Inc. and Kentucky Health Cooperative, Inc.

This First Amendment to the Administrative Services Agreement by and between CGI Technologies and Solutions, Inc. and Kentucky Health Cooperative, Inc. ("First Amendment") is effective for services provided beginning on June 1, 2014.

Recitals

Whereas, Kentucky Health Cooperative, Inc. (KYHC) is currently licensed to offer health insurance plans in Kentucky and West Virginia; and

Whereas, CGI Technologies and Solutions, Inc. (CGI) provides various administrative services in accordance with Applicable Law, Applicable Regulatory Agency, Accreditation Agency and KYHC standards; and

Whereas, KYHC and CGI have entered into an agreement ("Agreement") whereby CGI has agreed to perform certain administrative and management functions ("Delegated Functions") to KYHC on behalf of its members in the Commonwealth of Kentucky and now desire to amend the Agreement to allow CGI to perform administrative and management functions to KYHC on behalf of its members in West Virginia; and

Whereas, the Parties have agreed to amend the Agreement in accordance with the terms of this First Amendment.

NOW THEREFORE, the Agreement is amended as follows:

1. All references to "Healthation" are changed to "Aldera" to reflect the subcontractor's name change from "Healthation, Inc." to "Aldera, Inc."
2. In Section 2.2, the reference to "Section 3.4.2" is changed to "Section 3.5.2".
3. In Section 3.5.2, the reference to "Section 3.4.1" is changed to "Section 3.5.1".
4. Section 3.9 Liability, 3.9.3 shall be amended to read:

"3.9.3 If KYHC should become entitled to claim damages from CGI for any reason (including without limitation, for breach of contract, breach of warranty, negligence or other tort claim), CGI shall be liable to KYHC for an amount equal to the damages sustained by KYHC; however, in no event shall CGI's total liability in the aggregate for all claims exceed Six Million Dollars (\$6,000,000). The foregoing limitations do not apply to the payment of

settlements, costs, damages, and legal fees with respect to any indemnification provided hereunder, or for unauthorized disclosure of Confidential Information due to a breach of Section 3.16. Notwithstanding the foregoing, if there has been a breach of CGI's obligation with respect to Exhibit 5, CGI's total liability to KYHC shall not exceed one hundred twenty-five percent (125%) of the amounts paid by KYHC to CGI under the Agreement. In addition, in the event KYHC in good faith makes any formal demand(s) of, or files any claim(s) against, CGI while this Agreement is in effect for an amount equal to or greater than 50% of the total liability limitation indicated above, then KYHC may, at its option, elect to transition the Delegated Functions to another vendor, and upon completion of such transition terminate this Agreement on notice of such to CGI, notwithstanding any other term or provision herein.

5. Section 5.5 of the Agreement is deleted in its entirety and replaced with the following:

5.5 Other Electronic Exchange. CGI will support all HIPAA standard transaction formats including those indicated, as well as other standardized formats in accordance with PPACA and as required by KYHC or any Applicable Regulatory Agency or Accreditation Agency. CGI will support electronic exchange, in CGI's or Aldera's proprietary format, as follows:

Benefits Accumulators

Employer Group Data

Benefit Plan Data

Claims Adjudication Logic

Provider Demographic, Credentialing and Provider Network Information

6. Each of the following Exhibits to the Agreement are deleted in their entirety and replaced with the corresponding Exhibit attached to this Amendment:

Exhibit 1	Payment Terms
Exhibit 2	Claims Administration Services
Exhibit 8	Software Configuration and IT Related Services
Exhibit 11	Participants in Client Group

Except as modified herein, the Agreement shall remain in full force and effect.

This First Amendment shall be executed by the parties' respective duly authorized representatives in the manner legally binding upon them as of the date first above written.

Kentucky Health Cooperative, Inc.

CGI Technologies and Solutions, Inc.

By: Janie Miller

By: David L. Henderson 6/30/2014

Name: Janie Miller

Name: David L. Henderson

Title: CEO

Title: Senior Vice President

EXHIBIT 1 - PAYMENT TERMS

1. Implementation Fees. KYHC shall pay a total of \$707,500.00 toward the cost of CGI's services implementing the Systems. The implementation fee shall be payable in the following increments:

Payable at contract execution	\$175,000
Payable Dec 31, 2013	\$133,500
Payable Dec 31, 2014	\$133,000
Payable Dec 31, 2015	\$133,000
Payable Dec 31, 2016	\$133,000

In addition to the implementation fee of \$707,500.00 above, KYHC shall pay a total of an additional \$1,000,000.00 toward the cost of CGI's implementation services. \$650,000 of the additional \$1,000,000.00 will be paid within 30 days of the execution of the First Amendment to the Administrative Services Agreement. The remaining \$350,000.00 of the additional \$1,000,000.00 will be paid in two installments of \$175,000.00 each. The first installment of \$175,000.00 will be paid within 30 days of CGI reducing the number of aged claims (aged claims to be defined as Clean claims over 30 days and excludes claims being held for member non-payment of premiums and claims not awaiting CGI action received but not yet adjudicated as either paid or denied to less than 2,000 claims and of CGI implementing the Optical Character Resolution solution for manual claims. The second installment of \$175,000.00 will be paid within 30 days of CGI providing KYHC with Remote Access to 100% of the recordings pertaining to its Members and Providers pursuant to Exhibit 10, Section 1.3. The maximum additional \$1,000,000.00 shall be the total payment made by KYHC to CGI for the completion of implementation of systems and services in support of KYHC business activity relating to its health plan operations in the Commonwealth of Kentucky.

To accommodate Off Exchange business, CGI will also provide one additional interface to a new source as requested by KYHC.

CGI will provide KYHC with use of the Aldera broker portal for both Kentucky and West Virginia health plan operations to include the setup and implementation of the base product, along with 300 CGI employee or agent manhours for potential customizations or integrations, and usage to be included within the implementation and monthly fee schedules herein. Additionally, CGI will provide KYHC with the following:

- Non-Payment Parameters;
- Advanced Claims Editing software;
- DRG Grouper to allow for the processing of claims based on DRG and DRG-related reimbursement terms;

- CMS Edge Server services (or Amazon cloud services), and 310 CGI employee or agent manhours towards defining and implementing the processes and technology for the aggregation of all claims information from Aldera and other third party vendors, and submission of data pursuant to requirements of HHS;
- 500 CGI employee or agent man hours toward amendments to the member portal, and
- 1,000 CGI employee or agent man hours available in a pool of hours to be used by KYHC for efforts not included in the Monthly Fee, such as the implementation of the Center Care provider network and KYHC's contracted nurse line, CareNet, for both KYHC's operations in Kentucky and West Virginia, and other initiatives.

West Virginia Implementation - KYHC shall pay a total of \$800,000 toward the cost of CGI's services implementing the Systems and Services for KYHC operations in West Virginia. The implementation fee shall be payable in the following increments:

• Upon Project Kickoff	\$200,000
• Completion of the Design Phase	\$200,000
• Completion of Build and Unit Test	\$200,000
• Go Live	\$200,000

Go Live is defined as the beginning of open enrollment in 2014 or later if CGI is not able to meet the open enrollment date with fully functioning delegated services related to open enrollment activities. The development of the implementation plan and completion of the Conceptual Design are planned to be finalized within 45 days of project kickoff. Material changes to the overall cost (ten percent or more individually or in aggregate) will be handled via the Change Control process.

Implementation services for West Virginia will include integration services with existing KYHC vendors, including the PBM, mental health, dental, optometric, care management software, and other critical vendors.

Additional implementation assumptions include:

- Plan strategy for West Virginia will be identical to that for Kentucky, except for differences required by Applicable Law. KYHC will introduce no new plan types for West Virginia.
- Plan documents, ID cards, letters etc. for members and providers for West Virginia will be identical in format and content to that for Kentucky, except for differences required by Applicable Law.
- No changes in CGI business processes, practices, or operating modes within CGI's service center. CGI's policies and procedures in place for Kentucky will apply identically for West Virginia, except for any differences resulting from Applicable Law.
- No Aldera system functionality changes.
- KYHC will be responsible for training West Virginia users

CGI will assign a project manager for the West Virginia implementation, as will KYHC, in order to facilitate the project moving forward quickly including addressing any roadblock or delays that arises.

Each new member joining the Client Group will have an implementation fee designed for the scope of services and the timeframe required, that will be separate and unique.

As the initial investment made by the KYHC and LAHC will enable additional members to leverage elements of the initial implementation, KYHC and LAHC will receive credits, equally shared between them, for each new member that joins the Client Group for a minimum of three years based on the date that the new member's contract is executed:

<u>Date</u>	<u>Amount</u>
Before March 31, 2013	\$50,000.00
April 1 - December 31, 2013	\$40,000.00
After December 31, 2013	\$30,000.00

KYHC shall pay its portion of the implementation fee, net of any credit resulting from additional insurers in the Client Group as described above, within thirty (30) Days of receiving an invoice from CGI.

2. Monthly Fees. KYHC shall be responsible for paying monthly fees which shall include all Delegated Functions described in the Agreement and Exhibits unless a separate fee is contained in this Exhibit 1. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly fees according to the following schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$4.12
35,001 to 42,000	\$4.00 for all Members
42,001 to 49,000	\$3.88 for all Members
49,001 to 52,000	\$3.78 for all Members
52,001 to 60,000	\$3.68 for all Members
60,001 to 100,000	\$3.30 for new Members and \$3.68 for first 60,000 Members
100,001 to 150,000	\$3.20 each additional Member
150,001 to 175,000	\$3.10 each additional Member
175,001 to 200,000	\$3.00 each additional Member
200,001 to 225,000	\$2.85 each additional Member
225,001 to 250,000	\$2.76 each additional Member

Until the 35,000 monthly minimum membership is reached, the minimum monthly fees of \$144,200 will be evenly divided among the Client Group participants. The monthly fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly fee, CGI shall combine their total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the monthly fee within thirty (30) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly fee would be calculated as follows:

$$150,000 \text{ Members} = (60,000 \times 3.68) + (40,000 \times 3.30) + (50,000 \times 3.20) = 512,800 / 150k = \$3.42 \text{ pmpm}$$

CO-OP A pays \$341,867; CO-OP B pays \$170,933

Effective June 1, 2014, KYHC shall be responsible for paying monthly fees according to the following revised schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$12.90
35,001 to 45,000	\$9.76 for each additional Member
45,001 to 60,000	\$9.14 for each additional Member
60,001 to 100,000	\$7.98 for each additional Member
100,001 to 200,000	\$7.30 for each additional Member

West Virginia Monthly Fees – Operations Startup Fees will commence with the first month of Open Enrollment (currently scheduled for November 15th, 2014). Operations Startup Fees will not be paid in accordance with the schedule above. Fees for November and December 2014 for West Virginia will be \$50,000 for November 2014 and \$75,000 for December 2014. Beginning, January 1, 2015, the West Virginia membership will be added to the membership in Kentucky and paid according to the following schedule:

Membership	PMPM
1 to 43,000 (43,000 minimum)	\$12.90
43,001 to 53,000	\$9.76 for each additional Member
53,001 to 68,000	\$9.14 for each additional Member
68,001 to 108,000	\$7.98 for each additional Member
108,001 to 208,000	\$7.30 for each additional Member

Until West Virginia reaches a membership level of 8,000 for a month, the bands (all bands, including the low end and top end of the band) in the schedule above will be adjusted downward based on the difference between 8,000 and the actual West Virginia membership. If West Virginia membership is less than 4,000, then KYHC will pay an additional Monthly Fee for

membership below 4,000 at a rate of \$12.90 per the difference between 4,000 and the actual membership. The floor for West Virginia membership is 4,000. For example, if KYHC membership in total is 42,000, comprised of 40,000 Kentucky members and 2,000 West Virginia members for the month, the schedule for that month would be:

Membership	PMPM
1 to 37,000 (37,000 minimum)	\$12.90
37,001 to 47,000	\$9.76 for each additional Member
47,001 to 62,000	\$9.14 for each additional Member
62,001 to 102,000	\$7.98 for each additional Member
102,001 to 202,000	\$7.30 for each additional Member

In this example, the total Monthly Fees would be the total Monthly Fees would be \$551,900 calculated as follows: (37,000 members x \$12.90) + (5,000 x \$9.76) + ((4,000 - 2,000)*12.90))

Open Enrollment Call Center Surge Fees -- To accommodate any extraordinary call center services demand above base levels, KYHC will pay CGI an additional fee of \$29 per FTE per hour for each FTE required to reach desired call center staffing levels during open enrollment. KYHC and CGI will mutually agree to the level of staffing for open enrollment no later than eight weeks prior to the start of open enrollment to allow for onboarding of resources and training. The parties may jointly agree to increase or reduce the level of resources during the open enrollment period to include enough lead time to affect the change. The hourly rate will be charged for all hours, including training hours. Additional FTE services will be separately identified on the CGI invoice.

Other Conditions Related to Monthly PMPM Fees - Included with the PMPM Monthly fees is an additional 350 CGI employee or agent manhours per year to support issues caused by third party data quality issues and to support format changes by third parties to support the interfaces. In addition, no additional implementation or monthly PMPM fees will be paid to CGI for annual updates to existing benefit plans. However, new benefit plans will be charged against either hours provided in the pool of hours or on a time and materials basis through the change control process.

3. Aldera Access Fee. KYHC shall be responsible for paying monthly access fees to CGI which CGI shall pass through directly to Aldera. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly access fees according to the following schedule:

Membership	PMPM
1 to 30,000 Members (30,000 minimum)	1.21 per Member
30,001 to 50,000	1.21 each additional Member
50,001 to 100,000	1.16 each additional Member
Above 100,000	0.96 each additional Member

Until the 30,000 monthly minimum membership is reached, the minimum monthly access fee of \$36,300 will be evenly divided among the Client Group participants. The monthly access fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly access fee, CGI shall combine the total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly access fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the Healthation access fee within fifteen (15) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly Healthation fee would be calculated as follows:

$$150,000 \text{ Members} = (50,000 \times 1.21) + (50,000 \times 1.16) + (50,000 \times 0.96) = 166,500 / 150k = \$1.11 \text{ pmpm}$$

CO-OP A pays \$111,000; CO-OP B pays \$55,500.

Upon implementation of the broker portal, KYHC shall be responsible for paying monthly access fees to CGI for the Broker Portal after reaching the 63,000 member threshold. A Member is any member regardless if they are associated with a broker. Beginning with the installation of the Broker Portal, KYHC shall be responsible for paying monthly access fees according to the following schedule:

Membership Range	PMPM
1 to 63,000 Members (63,000 minimum)	0.00 per Member
63,001 to 100,000	.065 each additional Member
Above 100,000	.058 each additional Member

4. Time and Material Rates. For any additional work performed by CGI and authorized by KYHC through a change control process, the following hourly amounts for services to be charged under a Time and Materials rates will apply:

Role	Rate Per Hour
BPO Supervisor	70
BPO Level II (Adjuster / Billing / Claims)	45
QA / Tester	50
Configuration Analyst	125
Business / Technical Analyst	85
Programmer / Technical Analyst	90
Senior Business / Technical Analyst	115
Project Manager	125
Senior Programmer / Technical Analyst	130
Senior Project Manager / Solution Architect	175
Akdera Resources	190

5. Direct Expenses. KYHC shall reimburse CGI at its actual cost for the following direct expenses: postage, paper, card stock, ink, electronic data interchange costs, and such other direct expenses as the Parties may agree in advance. KYHC shall pay this monthly fee within fifteen (15) Days of receiving CGI's invoice. CGI is expected to act as a "prudent purchaser" and thus shall provide cost estimates and invoices for all initial activities in this area, to KYHC Finance Department for review and approval, and upon periodic request. CGI shall supply cost estimates and invoices during any audit or annual oversight meeting to demonstrate that CGI is acting as a competitive, prudent purchaser in the marketplace. Examples include:

PRINTING AND FULFILLMENT FEES: Will be billed separately according to volume and services

ITEM	RATE
LETTERS	
-	\$0.0849 per piece
Equipment(Folding/Stuffing/Metering)	
-Envelope	\$0.0195 per piece
-Return Envelope	\$0.0180 per envelope
-Paper	\$0.0060 per piece
-Print	\$0.0056 per piece
-Presort	\$0.0285 per piece
OTHER	
-Welcome and Renewal Kits	\$0.60 per kit (8 to 12 components)
-Labels	\$0.0095 per piece
-ID Card Stock	\$8,000 per m (10,000)
-ID Card Print	\$0.0171 per piece
-Envelopes	\$0.5168 per piece
-Overnight Shipping	\$2.50 per piece
-Postage Pass through	Actual postage with no mark up at presorted rate

6. Credits. Any payments due from KYHC shall be reduced by the amount of the credit(s) accrued as provided below. If CGI's invoice does not reflect the credit, then KYHC shall be entitled to submit a revised invoice showing the calculation of the credit and the explanation therefor, along with payment of the net balance due. If a dispute arises over whether KYHC is entitled to a credit, KYHC shall place the disputed amount of the payment into escrow and pay the balance to CGI while pursuing the dispute resolution procedures in Article 7.

7. Service Level Credits

Service Levels shall be in force beginning with the seventh month that Kentucky plan Members receive benefits from the plan. Service level credits shall be calculated as indicated for each Service Level Specification listed below. Without limiting any of KYHC's rights or remedies, should CGI fail to attain one or more Service Level Specifications, KYHC shall be entitled to the corresponding Service Level Credit, to be applied to the next succeeding invoice(s) but calculated based upon the applicable month's Monthly Fee. The maximum amount of all Service Level Credits payable for which CGI may be liable for failure to meet the Service Levels described below in any given monthly billing period will not exceed ten (10) percent (10%) of the Monthly Fees (pmpm) in Section 2 of this Exhibit 1, except as provided below. Nothing in this Section 6 Service Level Credits shall limit KYHC's ability to invoke the corrective action procedures in Section 3.13 of the Agreement. Service levels shall be in force beginning with the fourth month that West Virginia plan Members receives benefits from the plan.

"Earn Back Recovery Amount": means the charge to recover a Service Level Credit previously given on an invoice, calculated in accordance with this Exhibit.

"Earn Back Right": means CGI's right to recover Service Level Credits previously given for a Service Level Default, as set out in this Exhibit.

"Earn Back Service Level" means the level of performance which CGI is required to attain in providing the Delegated Function in order to be eligible to qualify for an Earn Back Right, as set forth in this Exhibit.

"Service Level Default" means the occurrence of failing to meet the Service Level Specification with respect to a Service Level.

Dept.	Service Level	Measurement Frequency	Service Level Specification	Earn Back Service Level*	Service Level Credit
Claims	Clean Claim Processing Timeliness	Monthly	97% of Clean Claims will be adjudicated (paid or denied) within 30 Days of receipt	98%	15%
Claims	Unclean Claim Processing Timeliness	Monthly	95% of all unclean claims will be adjudicated (paid or denied) within 60 Days of receipt	97%	10%
Claims	Claims Processing Accuracy – Procedural	Monthly	99% of adjudicated claims will be adjudicated with clerically accurate processing	99.5%	5%

Claims	Claims Processing Accuracy - Financial	Monthly	99% of total dollars paid, for all claims adjudicated	99.5%	15%
Member Service	Abandonment Rate	Monthly	Abandonment rate for all calls that have made it to the queue in a month shall be no greater than 4%.	3.5%	5%
Member Service	Telephonic Average Speed of Answer	Monthly	75% of all calls will be answered within 45 seconds.	80%	10%
Member Service	Non-telephonic electronic contact response speed	Monthly	CGI Staff will respond to non-telephone inquiries whether made by facsimile, electronic mail or web inquiry within one business day	Same	5%
Member Service	Maximum resolution time	Monthly	99% of all telephone and written inquiries will be resolved/closed within 21 Days	99.5%	5%
Member Service	Member ID Card	Weekly	CGI will process and mail KYHC member ID cards within five (5) calendar days of completing an accepted enrollment.	5 days	5%
Enrollment	Enrollment File loading	Monthly	CGI will load all enrollment/eligibility files from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions into the claim/eligibility system within one (1) business Day of receipt. Timeframe begins when a valid file is received by CGI	1 day	10%
Auth	Prior Authorization file loading	Monthly	CGI will load prior authorizations into the system within one (1)	1 day	10%

	CGI System Availability		business Day of receipt. This 1 Day timeframe begins when a valid file is received from KYHC (or its delegated entity)		
System	CGI System Availability	Monthly	CGI system will be available 99.75% of scheduled uptime for KYHC users	99.9%	5%
Premium Billing	Premium Billing Accuracy	Monthly	97% of the Members' premium bills will be financially accurate.	98%	5%

In addition, CGI agrees to add extra weighting to two of the above SLAs that measure claim accuracy and timeliness. (Clean Claim Processing Timeliness and Claims Processing Accuracy - Financial)

- CGI will allow 125% of the maximum weighting value on these two SLAs.
- If CGI misses either of these SLAs in two consecutive months, the weighting factor will be increased by 150% and the maximum cap is also increased by 150%.
- At the end of each calendar year KYHC may re-assign one or both of these extra weighting factors from the two service levels described above to a different service level.

The Service Level Credit will be calculated as follows:

- Service Level Credit = A times B times C
 - A is the Monthly Fee or PMPM charge billed for the month in Section 2 of this Exhibit 1
 - B is ten percent (10%) (amount at risk)
 - C is the Service Level Credit percentage for the Service Level(s) missed for the month (if any).

Example: If the total Monthly Fees in Section 2 of this Exhibit 1 are \$100,000.00, then A = \$100,000; B = \$10,000 and C = 5% for System availability for a resulting service level credit of \$500.00.

Service Level Agreement Earn Back: CGI will be entitled to an Earn Back Right after a Service Level Default occurs if CGI provides the Delegated Functions for the Service Level in question at the Earn Back Service Level for a period of two (2) months within any five (5) month period immediately following the month for which the Service Level Credit was assessed. Such two (2) months may occur over two (2) different calendar years. The dollar value of the Earn Back Recovery Amount shall not exceed one-half the dollar value of the corresponding Service Level Credit. Service Level Credits and Earn Back Rights shall be tracked monthly and processed on a semi-annual basis and any credits will be payable to Client on an semi-annual basis.

8. **Payment Terms.** Service Fees may be invoiced on the first (1st) Day of the month for the prior month's Delegated Functions. The invoice shall be accompanied by the Service Level summary

report to allow KYHC to determine and verify Service Level Credit status. KYHC will have Access to the data and report details for further review as necessary.

All fees and expenses are to be paid to CGI in United States Dollars, by electronic funds transfer to an account designated by CGI or by check sent to Bank of America, c/o CGI Technologies and Solutions Inc. at 12907 Collections Center Drive, Chicago, IL 60693. CGI's invoices are due and payable in full within thirty (30) days from the date of the invoice. If KYHC withholds any invoiced amount which it disputes in good faith, KYHC must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify CGI of the specific amount in dispute and the reasons why it disputes the amounts. CGI and KYHC will work together in good faith to resolve any timely disputed amount in a prompt and mutually acceptable manner. If a disputed amount is not resolved within thirty (30) days after the original payment due date receipt, the parties will resolve such dispute as provided in Article 7. KYHC will pay any disputed amounts within five (5) days after the dispute has been resolved. Disputes with respect to invoiced amounts will be waived unless the invoiced amounts are either paid or the disputes are raised in writing as provided in this Section. If KYHC withholds payment of any amount due under an invoice without following the procedures set forth above, or if KYHC withholds payment of more than ten percent (10%) of any invoice, CGI may suspend performance under the Statements of Work with respect to which payment has been withheld. CGI will provide KYHC with fifteen (15) days prior written notice before suspending performance. CGI will resume performance within a reasonable period of time after the payment dispute is resolved, and all aspects of the Statements of Work (including without limitation the project timetable and budget) will be equitably adjusted.

Late Payment Interest. If KYHC does not pay an invoice when due, CGI may add an interest charge of one and one-half percent (1 1/2%) per month, or the maximum rate allowed by law if less; this interest will begin to accrue on the day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

EXHIBIT 2

CLAIMS ADMINISTRATION SERVICES

CGI shall perform the Claims Delegated Function in accordance with Agreement and the terms of this Exhibit 2.

1. CGI Obligations.

- 1.1 Financial Guaranty. CGI shall provide any financial guarantee required to obtain certification as a Third Party Administrator.
- 1.2 Claim Payment. CGI shall accurately process and pay claims, as applicable, for Covered Services provided to Members by Participating Providers according to the payment terms (timeliness requirements and rates) in the Participating Provider Agreements. CGI shall process and pay claims for Covered Services provided to Members by Providers *other than* Participating Providers in accordance with the non-Participating Provider Payment Rates.
- 1.3 Claim Adjudication. CGI shall develop a method that must be approved in advance by KYHC and in accordance with Applicable Law for:
 - 1.3.1 Determining Covered Services, paying claims, and tracking utilization for KYHC's Benefit Plans;
 - 1.3.2 Identifying and processing clean and unclean claims (as those terms are defined in Applicable Law), and timely redirecting misdirected claims, if any, to the applicable payor; and drafting payment for clean claims, consistent with Applicable Law.
 - 1.3.3 Collecting and submitting to KYHC all encounter data in the format agreed between the Parties (including data from claims processed by and/or redirected to and/or processed by CGI) for Providers as required by Applicable Regulatory Agencies and/or Accreditation Agencies pertaining to Covered Services;
 - 1.3.4 Transmitting denial notifications to Members and Providers, explanations of benefits to Members, and explanations of payments to Providers in such formats and with such frequency as mutually agreed to in writing by the Parties;
 - 1.3.5 Transmitting initial authorizations and denial notifications, including notice of appeal rights timely to Members and Providers;
 - 1.3.6 Tracking and reporting on its performance of the Claim Administration function using agreed upon reporting formats, not limited to those metrics identified in the Service Level Credits section of Exhibit 1 of the Claims Administration function, using agreed-upon formats; and

1.3.7 Tracking, reporting, and reconciling with a Payor's records Member deductible usage and benefit accumulators.

- 1.4 Claim Monitoring. If any Participating Providers are paid on other than a fee-for-service basis, CGI shall assist KYHC to correct encounter under-reporting, incomplete and/or inaccurate encounter reporting by Participating Providers. CGI shall provide KYHC with documentation of results of monitoring activities and all corrective actions taken to address such under-reporting incomplete and/or inaccurate encounter reporting.
- 1.5 Submission of Claims. CGI shall establish a mailing address for providers to submit claims directly to the delegated entity for covered services and communicate this address to participating providers. CGI shall also communicate to Participating Providers that claims for Covered Services provided to Members are required to be submitted directly to CGI. CGI shall provide KYHC with a monthly management report regarding misdirected claims and documenting its process for identifying misdirected claims.
- 1.6 Interest on Late Paid Claims. If CGI fails to pay claims within time frames required by Applicable Law, CGI shall be responsible for paying any required interest penalty to Providers, with the following exception: Any interest penalty paid to Providers from claims for Kentucky members paid by June 30, 2014 and interest penalties associated with claims that are pending KYHC review and approval as of the end of day June 26, 2014 so long as the pending claims are approved to pay, will be the responsibility of CGI in the amount of 50% of the interest penalty only. However, to the extent that such interest penalty is due, in whole or in part, to the actions or failure to act of KYHC or a Payor (including failure to timely fund claims), then as between CGI and KYHC, KYHC shall be responsible for paying that portion of the interest penalty.
- 1.7 Claims Administration Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to any denial or appeal of claim payment in all communications made to Members, and use only language that has been reviewed and approved by KYHC.
2. Current Coding. CGI's claims processes shall be compliant with the most current versions of the American Medical Association's Current Procedural Terminology ("CPT") codes the Healthcare Common Procedure Coding System ("HCPCS") code sets, the International Classification of Diseases, 9th edition or 10th edition, when effective ("ICD9" or "ICD10") code sets, Centers for Medicare & Medicaid Services ("CMS") guidelines and national coverage determinations and the CMS Correct Coding Initiative ("NCCI").
3. KYHC Obligations

- 3.1.If KYHC receives claims from Participating Providers for services to Members, KYHC shall timely transmit them to CGI for processing and payment. KYHC and CGI shall create a management report regarding misdirected claims, document the process to identify misdirected claims, and shall provide said report to CGI monthly and work cooperatively with CGI to minimize incorrect claim submissions.
- 3.2.KYHC shall provide CGI with Access to the payment provisions of KYHC contracts with Participating Providers and other provisions necessary to ensure CGI's compliance with all legal, regulatory, and contractual requirements, which shall be considered Confidential Information in accordance with Section 3.15 of the Agreement.
- 3.3.KYHC shall provide CGI with information on Member eligibility, including changes to Member eligibility, through its Member Services Center and will provide information on Member eligibility changes from internal electronic sources (website, brokers, etc.) when received.
4. Claims Data. CGI shall transfer "claims paid" data and reports for claims paid for Covered Services to Members by Providers occurring in the previous week to KYHC by the Tuesday of each week, or other mutually agreed date. Such claim data shall be in a mutually agreed upon format and shall include, but not be limited to, claims received, ratio of clean to non-clean claims, claims adjusted, claims paid, claims denied, claims suspended, errant claims submissions, interest owed, claims paid to non-Participating Providers, and average time between receipt and adjudication of clean and non-clean claims. Within ten (10) Days of receipt of a transmission from KYHC of claims for services to Members which were incorrectly submitted, CGI shall provide KYHC with a confirming list acknowledging receipt and processing of all such claims.
5. Encounter Data. On request, CGI shall transfer encounter data and reports for encounter activity to KYHC according to mutually agreed schedules and formats. 6.0 Aged Claim Reports. CGI shall, by the fifteenth (15th) Day of each month for monthly reports and within ten (10) Days following the end of each quarter, transmit to KYHC aged claim reports that detail at a minimum the following data: the number of claims received, processed, approved, denied, or pending, as well as the average time for processing claims (i.e., number and percent of claims processed and paid or unprocessed within 30, 60, 90, 120 and 120+ Days.
6. Benefit and Deductible and Out-of-Pocket Accumulators. On request, CGI shall cooperate with KYHC efforts to determine and track historical accumulator information. CGI shall track accumulator data associated with Members, which information shall be shared between KYHC and CGI on a mutually agreed upon schedule and format.
7. Maintenance of Information on Member Eligibility, Covered Services, Provider Participation. CGI shall receive, retain, and apply weekly reports updating Member eligibility for Covered Services as well as changes to the Covered Services and Participating Providers, and shall integrate this information into its claims processing function.
8. Payor Fund Files. The Parties shall agree to establish an Account at a mutually agreed upon financial institution. The Parties further agree to establish mutually agreed upon payment

terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. CGI shall maintain information on the balances in Payor funding files by Payor name, and shall communicate daily funding requirements, fund balances, fund expenditures, etc., to KYHC as requested. CGI shall notify KYHC's CFO of any Payor's failure to adequately and timely fund claims. KYHC shall have Remote Access to CGI Payor Fund Files. On request, at any time KYHC administers Administrative Service Only ("ASO") Benefit Plans for other payors, the Parties shall agree to establish the respective Account, payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. The Parties, and any prospective ASO Client representative, shall meet to finalize the operational flow of funding for the ASO payor to the applicable account in order to ensure timely payment. KYHC shall maintain information on the balances in the ASO Payor funding files by ASO Payor name, and work with the ASO Payor to ensure all daily funding requirements, fund balances, fund expenditures, etc. are adequate for ongoing operations. KYHC and ASO Payor shall also ensure that CGI will be provided Remote View Access to ASO Payor Fund File Accounts as needed. CGI shall notify KYHC's CFO of any ASO Payor's failure to adequately and timely fund claims.

9. Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC in order to complete oversight of claims processing and/or denial activity and any other reporting required by CMS, or another Applicable Regulatory Agency or body or to meet Accreditation Agency standards.
10. Capturing Payor Override Information. On request, CGI shall have a system for capturing information concerning all claims paid by a Payor, which system shall, at a minimum, deduct the amount paid from the proper account, report on the level, amount, and type of Payor claim payments, as well ensure that the data is included appropriately in its cumulative utilization and claim payment statistics.
11. Payor Payments. CGI acknowledges that KYHC and any payor for whom KYHC is providing administrative services retains the right and final authority to pay any claim for their respective Members, regardless of the delegation of such claim adjudication function to CGI. CGI shall pay such claim upon notice.
12. EOBs, Notices of Appeal Rights. CGI shall ensure that each paid claim is accompanied by the appropriate notice, containing all information required by Applicable Law and Accreditation Agency standards and guidelines, including a description of the applicable appeal process, availability of external review, and the correct addresses for notifying state insurance department contacts and federal Department of Labor contacts and other contacts, as applicable.
13. Handling of Appeals. CGI acknowledges that appeals by Members or others, including Providers acting as a Member's authorized representative (collectively referred to hereinafter as the "Claimant") relating to an organization determination must be directed to KYHC or its designee as soon as reasonably possible for processing. CGI acknowledges that expedited appeals must be processed within 48 hours or as soon as the Member's condition requires. Upon receipt of a Member appeal, CGI shall, as required to meet the expedited time frame, provide KYHC with all records regarding such appeal and all necessary information required

to process such appeal including, without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. For urgent appeals, this information shall be transmitted to KYHC or its designee no later than twelve (12) hours following receipt of the information reasonably indicating that an appealable dispute exists. For standard appeals, this information shall be transmitted to KYHC or its designee no later than one Day following receipt of the information reasonably indicating that an appealable dispute exists. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above, or by an external appeals agency.

14. Coordination of Benefits (COB). CGI will be responsible for providing full COB services. The necessary information concerning primary coverage for members and their dependents and other coverage or benefits must be encoded on CGI's claims processing system and tracked and managed. To administer the coordination of benefits, CGI must exchange information with other plans involved in benefits administration and request that the member/provider furnish any necessary COB information, reimburse any plan that made payments that KYHC should have made, and recover any overpayment from health care providers and other insurance companies as necessary. If KYHC should have paid benefits that were paid by any other plan, CGI, on behalf of KYHC, will pay the plan that made the other payments in the amount the Plan determines to be proper under COB provisions. COB provisions are to be administered according to Applicable Law.
15. To support KYHC's fraud and abuse prevention program, CGI shall provide the following:
- Cross-reference family deductible accumulations when married employees are both participants of the Plan;
 - Compare total charges against total payments; identify duplicate charges; compare number of inpatient hospital days on each claim against admission and discharge dates;
 - Verify services are provided within the employee's eligibility date and maintain breaks in active service; recognize historical benefit maximums;
 - Identify excess "usual, customary and reasonable" charges for all procedures;
 - Identify potential pre-existing conditions; verify provider license to the type of procedure billed;
 - Reconcile the diagnosis code to the procedure and sex code for consistency;
 - Compute benefit year deductibles;
 - Integrate in-network deductible accumulations with out-of-network deductibles requirements;
 - Identify and maintain information on potential coordination of benefits, subrogation, and other party liability situations;
 - CGI will provide the standard Aldera X12 837 extract file for KYHC or its third-party subrogation partner;
 - Verify out-of-pocket amounts; review age limits for eligibility or coverage limits;
 - Determine coinsurance levels;
 - Identify unbundling of services, up coding of services, obsolete or invalid codes;
 - Identify ineligible services;
 - Apply multiple surgery guidelines;

- Receive and process claims from Medicare for secondary coverage payments;
- Track and process network provider fee schedules to include percentage of charge (POC), per diem rates, Ambulatory Payment Group (APG), Ambulatory Payment Classification (APC), and DRG reimbursements. (e.g. – overpayment of claims to providers, members utilizing services inappropriately; and
- Perform additional other processes to ensure KYHC meets or exceeds federal and state requirements related to fraud, waste and abuse

Exhibit 3 CGI Information Technology Security Plan *To be supplied by CGI by May 31, 2013.*

Exhibit 4 CGI Business Continuity Plan *To be supplied by CGI by May 31, 2013.*

Exhibit 5 Business Associate Agreement *To be executed within 30 days of contract execution.*

Exhibit 8
Software Configuration and IT Related Services

CGI shall provide software configuration and IT related services in accordance with the Agreement and this Exhibit 8. CGI will be responsible for the setup, configuration, and administration of all functions of the Aldera software system with KYHC approval.

Appropriate setup and configuration of the software is expected in order to allow the following business functions to be effectively performed:

- Enrollment census management
- Online consolidated invoicing
- Collections
- Agent management and agent commission accounting
- Open enrollment & renewal processing
- Edi (electronic data interchange) for claims, enrollment and other file transfers
- Eligibility file transfer to claims administrator and other vendor and service providers
- Claim processing and auto-adjudication.
- Inbound/outbound transactions and interfaces from state or federal insurance exchanges
- Cobra administration and processing (generation of letters, invoices, etc.)
- Role based security
- Provide information to call center for billing and commissions questions and support
- Provide information to call center to support enrollment/eligibility/claim questions
- Monthly invoice distribution services
- Late notice and termination notice distribution services
- Premium collection and cash processing
- Premium and other fee remittance to all parties
- Reconciliation of commissions and other payments with third parties
- Reconciliation of eligibility with other carriers
- Report generation
- KYHC Access to data

CGI will provide the reporting referenced in the Aldera Core Administrative System Catalog of Reports to KYHC and access to the Aldera Data Warehouse utilizing Microsoft SQL Reporting Services (SSRS), Microsoft SQL Analysis Services (SSAS), and Analyzer™ by Strategy Companion for use by KYHC for development/support of custom or ad-hoc reporting. CGI shall provide data collection and reporting as appropriate for the KYHC delegated functions.

CGI will provide an Edge Server, a physical server used to store de-identified enrollee, medical, and pharmacy claims information that supports the Health Insurance Marketplace reinsurance and risk adjustment programs. As mandated within the Affordable Care Act, Edge Servers will use software provided by the Department of Health and Human Services.

CGI will provide a secure provider service website where routine provider service inquiries can be handled. Information available through this website must include, but is not limited to,

eligibility and benefits information, deductible accumulation, claim status, and on-line viewing of provider vouchers or payments.

CGI will provide a secure Member website/portal allowing Access to information such as benefit review, plan summary, out-of-pocket and deductible balances, and claims activity

CGI will assure that System availability and business continuity is a priority for the delegated services. System availability must meet at least 99.75% availability during a calendar month and all cause of outage incidents must be reported to KYHC. CGI shall propose a plan to KYHC outlining its strategies and approaches for implementation of Disaster Recovery and Business Continuity for KYHC. CGI should outline the merits of that strategy including tradeoffs that apply to an appropriate balance between cost, operational efficiency, and risk mitigation. Production infrastructure shall be architected for recovery to an alternate site. In the event of a disaster to the primary physical hosting site, CGI shall have the ability to recover and be fully operational in an alternate site. CGI will assure that KYHC shall not be subject to loss of data. The system must provide for daily incremental backups and interval full backups. Recovery Point Objective (RPO) of no more than 6 hours and Recovery Time Objective (RTO) of 24 hours shall be the standard for CGI.

CGI's Business Continuity / Disaster Recovery Plan shall address how CGI shall safely recover KYHC information or data in the event of a disaster without compromising the integrity of any required or dependent synchronizations between dependent systems. CGI shall submit the Disaster Recovery Plan to KYHC at the agreed upon time and prior to the implementation of any disaster recovery site.

CGI shall notify KYHC 48 hours in advance for scheduled outages unless otherwise agreed upon in a given instance.

All web portals, IVRs, and call centers shall comply with Applicable Laws, including NCQA standards.

CGI will provide training to KYHC employees on the chosen software platform.

CGI/Aldera system will support the integration of, and data exchanges with, KYHC and/or any party vendors that KYHC has retained to provide services on behalf of KYHC. (i.e. a pharmacy benefits manager or medical management vendor). Any new integrations after initial implementation, as defined in a mutually agreed-upon detailed implementation plan as specified in Section 3.5.2, will be addressed via the change control process.

These information exchanges can be performed via:

- Web services
- HIPAA Transactions
- Custom Extracts or API's

All new interfaces to third parties will utilize CGI/Aldera's standard format. All effort to implement a new interface, regardless if mapping the CGI/Aldera interface to a third party's or participating in the testing of a third-party interface to the CGI/Aldera standard interface, will be

charged using hours from the pool of hours or at time and material hourly rates through the change control process. In addition, any effort to support a change in interfaces with a third party will be additional and, through the change control process, will be charged using available hours from the pool of hours if available, or at the time and material rate.

CGI/Aldera system will comply with Exhibit 3.

Software Configuration and IT Related Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 8.

Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC.

CGI will provide KYHC information on the platform and access to the reporting infrastructure for KYHC technical staff to have the ability to run reports specific to KYHC data.

EXHIBIT 11
PARTICIPANTS IN CLIENT GROUP

- 1) Kentucky Health Cooperative, Inc.